

EXHIBIT K

Relevant Tesla, Inc. Quarterly Press Releases and SEC Filing Excerpts

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported)
November 5, 2013

Tesla Motors, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-34756
(Commission
File Number)

91-2197729
(IRS Employer
Identification No.)

3500 Deer Creek Road
Palo Alto, California 94304
(Address of principal executive offices, including zip code)

(650) 681-5000
(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02 Results of Operations and Financial Condition.

On November 5, 2013, Tesla Motors, Inc. (“Tesla”) released its financial results for the quarter ended September 30, 2013 by posting its Third Quarter 2013 Shareholder Letter on its website. The full text of the shareholder letter is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

This information is intended to be furnished under Item 2.02 of Form 8-K, “Results of Operations and Financial Condition” and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 8.01. Other Events.**Tesla Disclosure Channels To Disseminate Information**

Tesla investors and others should note that we announce material information to the public about our company, products and services and other issues through a variety of means, including Tesla’s website, press releases, SEC filings, blogs and social media, in order to achieve broad, non-exclusionary distribution of information to the public. We encourage our investors and others to review the information we make public in the locations below as such information could be deemed to be material information. Please note that this list may be updated from time to time.

Interested in keeping up with Tesla?

For more information on Tesla and its products, please visit: teslamotors.com

For more information for Tesla investors, please visit: ir.teslamotors.com

For the latest information from Tesla, including press releases and the Tesla blog, please visit: teslamotors.com/press

For additional information, please follow Elon Musk’s and Tesla’s Twitter accounts: twitter.com/elonmusk and twitter.com/TeslaMotors

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Tesla Motors, Inc. Third Quarter 2013 Shareholder Letter dated November 5, 2013.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TESLA MOTORS, INC.

By: /s/ Deepak Ahuja

Deepak Ahuja
Chief Financial Officer

Date: November 5, 2013



Tesla Q3 2018 Vehicle Production and Deliveries

October 2, 2018

PALO ALTO, Calif., Oct. 02, 2018 (GLOBE NEWSWIRE) -- In Q3, we produced 80,142 vehicles, 50% more than our prior all-time high in Q2, including:

- 53,239 Model 3 vehicles, which was in line with our guidance and almost double the volume of Q2. During Q3, we transitioned Model 3 production from entirely rear wheel drive at the beginning of the quarter to almost entirely dual motor during the last few weeks of the quarter. This added significant complexity, but we successfully executed this transition and ultimately produced more dual motor than rear wheel drive cars in Q3. In the last week of the quarter, we produced over 5,300 Model 3 vehicles, almost all of which were dual motor, meaning that we achieved a production rate of more than 10,000 drive units per week.
- 26,903 Model S and X vehicles, which was slightly higher than Q2 and in line with our full-year guidance.

Q3 deliveries totaled 83,500 vehicles: 55,840 Model 3, 14,470 Model S, and 13,190 Model X. To put this in perspective, in just Q3, we delivered more than 80% of the vehicles that we delivered in all of 2017, and we delivered about twice as many Model 3s as we did in all previous quarters combined.

Our Q3 Model 3 deliveries were limited to higher-priced variants, cash/loan transactions, and North American customers only. There remain significant opportunities to grow the addressable market for Model 3 by introducing leasing, standard battery and other lower-priced variants of the car, and by starting international deliveries.

Demand for Model S and X remains high. In Q3, we were able to significantly increase Model S and X deliveries notwithstanding the headwinds we have been facing from the ongoing trade tensions between the US and China. Those trade tensions have resulted in an import tariff rate of 40% on Tesla vehicles versus 15% for other imported cars in China.

In addition, Tesla continues to lack access to cash incentives available to locally produced electric vehicles in China that are typically around 15% of MSRP or more. Taking ocean transport costs and import tariffs into account, Tesla is now operating at a 55% to 60% cost disadvantage compared to the exact same car locally produced in China. This makes for a challenging competitive environment, given that China is by far the largest market for electric vehicles. To address this issue, we are accelerating construction of our Shanghai factory, which we expect to be a capital efficient and rapid buildout, using many lessons learned from the Model 3 ramp in North America.

With production stabilized, delivery and outbound vehicle logistics were our main challenges during Q3. We made many improvements to these processes throughout the quarter, and plan to make further improvements in Q4 so that we can scale successfully. As part of this effort, we plan to continue to expand direct deliveries to customers at their home or office, a service we launched in Q3 to improve customer convenience.

8,048 Model 3 vehicles and 3,776 Model S and X vehicles were in transit to customers at the end of Q3, and will be delivered in early Q4. Our overall target of 100,000 Model S and X deliveries in 2018 remains unchanged.

Our net income and cash flow results will be announced along with the rest of our financial performance when we announce Q3 earnings.

We want to thank the entire Tesla team for executing so well during this challenging ramp up in deliveries. We also want to thank all of our customers who volunteered to help us with deliveries, and our new customers who are showing their faith in Tesla by purchasing our products in such large numbers. It was beyond inspiring to see the contributions made by the whole Tesla community.

Our delivery count should be viewed as slightly conservative, as we only count a car as delivered if it is transferred to the customer and all paperwork is correct. Final numbers could vary by up to 0.5%. Tesla vehicle deliveries represent only one measure of the company's financial performance and should not be relied on as an indicator of quarterly financial results, which depend on a variety of factors, including the cost of sales, foreign exchange movements and mix of directly leased vehicles.

Forward-Looking Statements

Certain statements herein, including statements regarding future production and delivery of Model S and Model X, expanding direct vehicle deliveries, growing the addressable market for Model 3, and accelerating the buildout of the Shanghai factory in a capital efficient and rapid manner, are "forward-looking statements" that are subject to risks and uncertainties. These forward-looking statements are based on management's current expectations. Various important factors could cause actual results to differ materially, including the risks identified in our SEC filings. Tesla disclaims any obligation to update this information.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

? **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2018

OR

? **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-34756

Tesla, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

3500 Deer Creek Road
Palo Alto, California
(Address of principal executive offices)

91-2197729
(I.R.S. Employer
Identification No.)

94304
(Zip Code)

(650) 681-5000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 ("Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ? No ?

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ? No ?

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	?	Accelerated filer	?
Non-accelerated filer	?	Smaller reporting company	?
Emerging growth company	?		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ?

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ? No ?

As of October 26, 2018, there were 171,732,775 shares of the registrant's common stock outstanding.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Tesla, Inc.
Consolidated Balance Sheets
(in thousands, except for par values)
(unaudited)

	September 30, 2018	December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	\$ 2,967,504	\$ 3,367,914
Restricted cash	158,627	155,323
Accounts receivable, net	1,155,001	515,381
Inventory	3,314,127	2,263,537
Prepaid expenses and other current assets	325,232	268,365
Total current assets	7,920,491	6,570,520
Operating lease vehicles, net	2,186,137	4,116,604
Solar energy systems, leased and to be leased, net	6,301,537	6,347,490
Property, plant and equipment, net	11,246,295	10,027,522
Intangible assets, net	291,476	361,502
Goodwill	65,226	60,237
MyPower customer notes receivable, net of current portion	422,897	456,652
Restricted cash, net of current portion	396,835	441,722
Other assets	431,819	273,123
Total assets	\$ 29,262,713	\$ 28,655,372
Liabilities		
Current liabilities		
Accounts payable	\$ 3,596,984	\$ 2,390,250
Accrued liabilities and other	1,990,095	1,731,366
Deferred revenue	570,920	1,015,253
Resale value guarantees	604,949	787,333
Customer deposits	905,838	853,919
Current portion of long-term debt and capital leases	2,106,538	796,549
Current portion of promissory notes issued to related parties	—	100,000
Total current liabilities	9,775,324	7,674,670
Long-term debt and capital leases, net of current portion	9,669,879	9,415,700
Solar bonds issued to related parties, net of current portion	100	100
Convertible senior notes issued to related parties	2,634	2,519
Deferred revenue, net of current portion	950,126	1,177,799
Resale value guarantees, net of current portion	455,762	2,309,222
Other long-term liabilities	2,555,319	2,442,970
Total liabilities	23,409,144	23,022,980
Commitments and contingencies (Note 12)		
Redeemable noncontrolling interests in subsidiaries	551,264	397,734
Convertible senior notes (Note 10)	—	70
Equity		
Stockholders' equity		
Preferred stock; \$0.001 par value; 100,000 shares authorized; no shares issued and outstanding	—	—
Common stock; \$0.001 par value; 2,000,000 shares authorized; 171,578 and 168,797 shares issued and outstanding as of September 30, 2018 and December 31, 2017, respectively	171	169
Additional paid-in capital	9,957,711	9,178,024
Accumulated other comprehensive income	8,271	33,348
Accumulated deficit	(5,457,315)	(4,974,299)
Total stockholders' equity	4,508,838	4,237,242
Noncontrolling interests in subsidiaries	793,467	997,346
Total liabilities and equity	\$ 29,262,713	\$ 28,655,372

The accompanying notes are an integral part of these consolidated financial statements.

Tesla, Inc.
Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Revenues				
Automotive sales	\$ 5,878,305	\$ 2,076,731	\$ 11,558,051	\$ 6,125,643
Automotive leasing	220,461	286,158	633,713	813,462
Total automotive revenues	6,098,766	2,362,889	12,191,764	6,939,105
Energy generation and storage	399,317	317,505	1,183,747	818,229
Services and other	326,330	304,281	859,884	713,168
Total revenues	6,824,413	2,984,675	14,235,395	8,470,502
Cost of revenues				
Automotive sales	4,405,919	1,755,622	9,027,055	4,724,849
Automotive leasing	119,283	175,224	360,694	516,683
Total automotive cost of revenues	4,525,202	1,930,846	9,387,749	5,241,532
Energy generation and storage	330,554	237,288	1,036,190	592,823
Services and other	444,992	367,401	1,212,335	852,446
Total cost of revenues	5,300,748	2,535,535	11,636,274	6,686,801
Gross profit	1,523,665	449,140	2,599,121	1,783,701
Operating expenses				
Research and development	350,848	331,622	1,104,073	1,023,436
Selling, general and administrative	729,876	652,998	2,167,039	1,794,210
Restructuring and other	26,184	—	129,618	—
Total operating expenses	1,106,908	984,620	3,400,730	2,817,646
Income (loss) from operations	416,757	(535,480)	(801,609)	(1,033,945)
Interest income	6,907	5,531	17,185	13,406
Interest expense	(175,220)	(117,109)	(488,348)	(324,896)
Other income (expense), net	22,876	(24,390)	36,071	(83,696)
Income (loss) before income taxes	271,320	(671,448)	(1,236,701)	(1,429,131)
Provision (benefit) for income taxes	16,647	(285)	35,959	40,640
Net income (loss)	254,673	(671,163)	(1,272,660)	(1,469,771)
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests in subsidiaries	(56,843)	(51,787)	(157,086)	(183,721)
Net income (loss) attributable to common stockholders	<u>\$ 311,516</u>	<u>\$ (619,376)</u>	<u>\$ (1,115,574)</u>	<u>\$ (1,286,050)</u>
Net income (loss) per share of common stock attributable to common stockholders, basic and diluted				
Basic	<u>\$ 1.82</u>	<u>\$ (3.70)</u>	<u>\$ (6.56)</u>	<u>\$ (7.80)</u>
Diluted	<u>\$ 1.75</u>	<u>\$ (3.70)</u>	<u>\$ (6.56)</u>	<u>\$ (7.80)</u>
Weighted average shares used in computing net income (loss) per share of common stock				
Basic	<u>170,893</u>	<u>167,294</u>	<u>170,019</u>	<u>164,897</u>
Diluted	<u>178,196</u>	<u>167,294</u>	<u>170,019</u>	<u>164,897</u>

The accompanying notes are an integral part of these consolidated financial statements.

Tesla, Inc.
Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2018	2017
Cash Flows from Operating Activities		
Net loss	\$ (1,272,660)	\$ (1,469,771)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation, amortization and impairment	1,404,313	1,166,397
Stock-based compensation	543,711	332,412
Amortization of debt discounts and issuance costs	120,873	60,613
Inventory write-downs	59,983	98,347
Loss on disposals of fixed assets	132,639	59,640
Foreign currency transaction (gains) losses	(6,614)	35,933
Loss related to SolarCity acquisition	—	29,796
Non-cash interest and other operating activities	22,093	109,729
Changes in operating assets and liabilities, net of effect of business combinations:		
Accounts receivable	(686,103)	(105,643)
Inventory	(1,110,611)	(418,970)
Operating lease vehicles	(188,948)	(1,083,140)
Prepaid expenses and other current assets	(31,532)	(123,832)
MyPower customer notes receivable and other assets	(62,399)	17,628
Accounts payable and accrued liabilities	1,627,997	170,326
Deferred revenue	284,417	329,007
Customer deposits	9,471	3,815
Resale value guarantee	(57,621)	141,044
Other long-term liabilities	74,232	76,124
Net cash provided by (used in) operating activities	863,241	(570,545)
Cash Flows from Investing Activities		
Purchases of property and equipment excluding capital leases, net of sales	(1,775,746)	(2,628,126)
Purchases of solar energy systems, leased and to be leased	(189,869)	(547,085)
Business combinations, net of cash acquired	(6,804)	(109,147)
Net cash used in investing activities	(1,972,419)	(3,284,358)
Cash Flows from Financing Activities		
Proceeds from issuances of common stock in public offerings	—	400,175
Proceeds from issuances of convertible and other debt	3,946,575	5,401,158
Repayments of convertible and other debt	(3,111,242)	(2,442,942)
Repayments of borrowings under Solar Bonds issued to related parties	(100,000)	(165,000)
Collateralized lease (repayments) borrowings	(343,086)	416,427
Proceeds from exercises of stock options and other stock issuances	219,945	239,328
Principal payments on capital leases	(105,867)	(69,496)
Common stock and debt issuance costs	(5,121)	(50,530)
Purchases of convertible note hedges	—	(204,102)
Proceeds from settlement of convertible note hedges	—	269,456
Proceeds from issuances of warrants	—	52,883
Payments for settlements of warrants	(5)	(219,538)
Proceeds from investments by noncontrolling interests in subsidiaries	366,297	691,918
Distributions paid to noncontrolling interests in subsidiaries	(178,511)	(190,715)
Payments for buy-outs of noncontrolling interests in subsidiaries	(2,921)	—
Net cash provided by financing activities	686,064	4,129,022
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(18,879)	35,736
Net (decrease) increase in cash and cash equivalents and restricted cash	(441,993)	309,855
Cash and cash equivalents and restricted cash, beginning of period	3,964,959	3,766,900
Cash and cash equivalents and restricted cash, end of period	<u>\$ 3,522,966</u>	<u>\$ 4,076,755</u>
Supplemental Non-Cash Investing and Financing Activities		
Acquisitions of property and equipment included in liabilities	\$ 305,974	\$ 1,021,692
Estimated fair value of facilities under build-to-suit leases	\$ 61,709	\$ 173,075

The accompanying notes are an integral part of these consolidated financial statements.

Our current and future warranty reserves may be insufficient to cover future warranty claims which could adversely affect our financial performance.

Subject to separate limited warranties for the supplemental restraint system, battery and drive unit, we provide four-year or 50,000-mile limited warranties for the purchasers of new Model 3, Model S and Model X vehicles and either a four-year or 50,000-mile limited warranty or a two-year or 100,000-mile maximum odometer limited warranty for the purchasers of used Model S or Model X vehicles certified and sold by us. The limited warranty for the battery and drive unit for new Model S and Model X vehicles covers the drive unit for eight years, as well as the battery for a period of eight years (or for certain older vehicles, 125,000 miles if reached sooner than eight years), although the battery's charging capacity is not covered under any of our warranties or Extended Service plans; the limited warranty for used Model S and Model X vehicles does not extend or otherwise alter the terms of the original battery and drive unit limited warranty for such used vehicles specified in their original New Vehicle Limited Warranty. For the battery and drive unit on our current new Model 3 vehicles, we offer an eight-year or 100,000-mile limited warranty for our standard range battery and an eight-year or 120,000-mile limited warranty for our long-range battery, with minimum 70% retention of battery capacity over the warranty period. In addition, customers of new Model S and Model X vehicles have the opportunity to purchase an Extended Service plan for the period after the end of the limited warranty for their new vehicles to cover additional services for up to an additional four years or 50,000 miles, provided it is purchased within a specified period of time.

For energy storage products, we provide limited warranties against defects and to guarantee minimum energy retention levels. For example, we currently guarantee that each Powerwall 2 product will maintain at least 70-80% of its stated energy capacity after 10 years, and that each Powerpack 2 product will retain specified minimum energy capacities in each of its first 10 to 15 years of use. For our Solar Roof, we currently offer a warranty on the glass tiles for the lifetime of a customer's home and a separate warranty for the energy generation capability of the solar tiles. We also offer extended warranties, availability guarantees and capacity guarantees for periods of up to 20 years at an additional cost at the time of purchase, as well as workmanship warranties to customers who elect to have us install their systems.

Finally, customers who buy energy from us under solar energy system leases or power purchase agreements are covered by warranties equal to the length of the agreement term, which is typically 20 years. Systems purchased for cash are covered by a warranty of up to 10 years, with extended warranties available at additional cost. In addition, we pass through to our customers the inverter and panel manufacturers' warranties, which generally range from 5 to 25 years, subjecting us to the risk that the manufacturers may later cease operations or fail to honor their underlying warranties. Finally, we provide a performance guarantee with our leased solar energy systems that compensates a customer on an annual basis if their system does not meet the electricity production guarantees set forth in their lease.

If our warranty reserves are inadequate to cover future warranty claims on our products, our business, prospects, financial condition and operating results could be materially and adversely affected. Warranty reserves include management's best estimate of the projected costs to repair or to replace items under warranty. These estimates are based on actual claims incurred to-date and an estimate of the nature, frequency and costs of future claims. Such estimates are inherently uncertain and changes to our historical or projected experience, especially with respect to products such as Model 3 and Solar Roof that are new and/or that we expect to produce at significantly greater volumes than our past products, may cause material changes to our warranty reserves in the future.

Our insurance strategy may not be adequate to protect us from all business risks.

We may be subject, in the ordinary course of business, to losses resulting from products liability, accidents, acts of God and other claims against us, for which we may have no insurance coverage. As a general matter, we do not maintain as much insurance coverage as many other companies do, and in some cases, we do not maintain any at all. Additionally, the policies that we do have may include significant deductibles or self-insured retentions, and we cannot be certain that our insurance coverage will be sufficient to cover all future losses or claims against us. A loss that is uninsured or which exceeds policy limits may require us to pay substantial amounts, which could adversely affect our financial condition and operating results.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Tesla, Inc.

Date: November 1, 2018

/s/ Deepak Ahuja
Deepak Ahuja
Chief Financial Officer
(Principal Financial Officer, Principal Accounting Officer and
Duly Authorized Officer)



Tesla Q4 2018 Vehicle Production & Deliveries, Also Announcing \$2,000 Price Reduction in US

January 2, 2019

PALO ALTO, Calif., Jan. 02, 2019 (GLOBE NEWSWIRE) -- In Q4, we produced and delivered at the rate of nearly 1,000 vehicles per day, setting new company records for both production and deliveries.

Production in Q4 grew to 86,555 vehicles, 8% more than our prior all-time high in Q3. This included:

- 61,394 Model 3 vehicles, in line with our guidance and 15% more than Q3.
- 25,161 Model S and X vehicles, consistent with our long-term run rate of approximately 100,000 per year.

Q4 deliveries grew to 90,700 vehicles, which was 8% more than our prior all time-high in Q3. This included 63,150 Model 3 (13% growth over Q3), 13,500 Model S, and 14,050 Model X vehicles.

In 2018, we delivered a total of 245,240 vehicles: 145,846 Model 3 and 99,394 Model S and X. To put our growth into perspective, we delivered almost as many vehicles in 2018 as we did in all prior years combined.

Our Q4 Model 3 deliveries were limited to mid- and higher-priced variants, cash/loan transactions, and North American customers only. More than three quarters of Model 3 orders in Q4 came from new customers, rather than reservation holders.

There remain significant opportunities to continue to grow Model 3 sales by expanding to international markets, introducing lower-priced variants and offering leasing. International deliveries in Europe and China will start in February 2019. Expansion of Model 3 sales to other markets, including with a right-hand drive variant, will occur later in 2019.

1,010 Model 3 vehicles and 1,897 Model S and X vehicles were in transit to customers at the end of Q4, and will be delivered in early Q1 2019. Our inventory levels remain the smallest in the automotive industry, and we were able to reduce vehicles in transit to customers by significantly improving our logistics system in North America.

Moving beyond the success of Q4, we are taking steps to partially absorb the reduction of the federal EV tax credit (which, as of January 1st, dropped from \$7,500 to \$3,750). Starting today, we are reducing the price of Model S, Model X and Model 3 vehicles in the U.S. by \$2,000. Customers can apply to receive the \$3,750 federal tax credit for new deliveries starting on January 1, 2019, and may also be eligible for several state and local electric vehicle and utility incentives, which range up to \$4,000. Combined with the reduced costs of maintenance and of charging a Tesla versus paying for gas at the pump – which can result in up to \$100 per month or more in savings – this means our vehicles are even more affordable than similarly priced gasoline vehicles.

Tesla's achievements in 2018 likely represent the biggest single-year growth in the history of the automotive industry. We started the year with a delivery run rate of about 120,000 vehicles per year and ended it at more than 350,000 vehicles per year – an increase of almost 3X. As a result, we're starting to make a tangible impact on accelerating the world to sustainable energy. Additionally, 2018 was the first time in decades that an American car – the Model 3 – was the best-selling premium vehicle in the U.S. for the full year, with U.S. sales of Model 3 roughly double those of the runner up.

We want to thank our customers, suppliers, investors, and especially our employees, who worked so hard to accomplish this.

Our net income and cash flow results will be announced along with the rest of our financial performance when we announce Q4 earnings. Our delivery count should be viewed as slightly conservative, as we only count a car as delivered if it is transferred to the customer and all paperwork is correct. Final numbers could vary by up to 0.5%. Tesla vehicle deliveries represent only one measure of the company's financial performance and should not be relied on as an indicator of quarterly financial results, which depend on a variety of factors, including the cost of sales, foreign exchange movements and mix of directly leased vehicles.

Forward-Looking Statements

Certain statements herein, including statements regarding growing the addressable market for Model 3, such as our plans and timing for international expansion, are "forward-looking statements" that are subject to risks and uncertainties. These forward-looking statements are based on management's current expectations. Various important factors could cause actual results to differ materially, including the risks identified in our SEC filings. Tesla disclaims any obligation to update this information.



Source: Tesla, Inc.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

? **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2018

OR

? **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-34756

Tesla, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
3500 Deer Creek Road
Palo Alto, California
(Address of principal executive offices)

91-2197729
(I.R.S. Employer
Identification No.)

94304
(Zip Code)

(650) 681-5000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, \$0.001 par value	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ? No ?

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ? No ?

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 ("Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ? No ?

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ? No ?

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ?

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	?	Accelerated filer	?
Non-accelerated filer	?	Smaller reporting company	?
Emerging growth company	?		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ?

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ? No ?

The aggregate market value of voting stock held by non-affiliates of the registrant, as of June 30, 2018, the last day of the registrant's most recently completed second fiscal quarter, was \$46.57 billion (based on the closing price for shares of the registrant's Common Stock as reported by the NASDAQ Global Select Market on June 30, 2018). Shares of Common Stock held by each executive officer, director, and holder of 5% or more of the outstanding Common Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 12, 2019, there were 172,721,487 shares of the registrant's Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the 2019 Annual Meeting of Stockholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended December 31, 2018.

Tesla, Inc.
Consolidated Balance Sheets
(in thousands, except per share data)

	December 31, 2018	December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	\$ 3,685,618	\$ 3,367,914
Restricted cash	192,551	155,323
Accounts receivable, net	949,022	515,381
Inventory	3,113,446	2,263,537
Prepaid expenses and other current assets	365,671	268,365
Total current assets	8,306,308	6,570,520
Operating lease vehicles, net	2,089,758	4,116,604
Solar energy systems, leased and to be leased, net	6,271,396	6,347,490
Property, plant and equipment, net	11,330,077	10,027,522
Intangible assets, net	282,492	361,502
Goodwill	68,159	60,237
MyPower customer notes receivable, net of current portion	421,548	456,652
Restricted cash, net of current portion	398,219	441,722
Other assets	571,657	273,123
Total assets	\$ 29,739,614	\$ 28,655,372
Liabilities		
Current liabilities		
Accounts payable	\$ 3,404,451	\$ 2,390,250
Accrued liabilities and other	2,094,253	1,731,366
Deferred revenue	630,292	1,015,253
Resale value guarantees	502,840	787,333
Customer deposits	792,601	853,919
Current portion of long-term debt and capital leases	2,567,699	796,549
Current portion of promissory notes issued to related parties	—	100,000
Total current liabilities	9,992,136	7,674,670
Long-term debt and capital leases, net of current portion	9,403,672	9,418,319
Deferred revenue, net of current portion	990,873	1,177,799
Resale value guarantees, net of current portion	328,926	2,309,222
Other long-term liabilities	2,710,403	2,442,970
Total liabilities	23,426,010	23,022,980
Commitments and contingencies (Note 17)		
Redeemable noncontrolling interests in subsidiaries	555,964	397,734
Convertible senior notes (Note 13)	—	70
Equity		
Stockholders' equity		
Preferred stock; \$0.001 par value; 100,000 shares authorized; no shares issued and outstanding	—	—
Common stock; \$0.001 par value; 2,000,000 shares authorized; 172,603 and 168,797 shares issued and outstanding as of December 31, 2018 and 2017, respectively	173	169
Additional paid-in capital	10,249,120	9,178,024
Accumulated other comprehensive (loss) income	(8,218)	33,348
Accumulated deficit	(5,317,832)	(4,974,299)
Total stockholders' equity	4,923,243	4,237,242
Noncontrolling interests in subsidiaries	834,397	997,346
Total liabilities and equity	\$ 29,739,614	\$ 28,655,372

The accompanying notes are an integral part of these consolidated financial statements.

Tesla, Inc.
Consolidated Statements of Operations
(in thousands, except per share data)

	Year Ended December 31,		
	2018	2017	2016
Revenues			
Automotive sales	\$ 17,631,522	\$ 8,534,752	\$ 5,589,007
Automotive leasing	883,461	1,106,548	761,759
Total automotive revenues	18,514,983	9,641,300	6,350,766
Energy generation and storage	1,555,244	1,116,266	181,394
Services and other	1,391,041	1,001,185	467,972
Total revenues	21,461,268	11,758,751	7,000,132
Cost of revenues			
Automotive sales	13,685,572	6,724,480	4,268,087
Automotive leasing	488,425	708,224	481,994
Total automotive cost of revenues	14,173,997	7,432,704	4,750,081
Energy generation and storage	1,364,896	874,538	178,332
Services and other	1,880,354	1,229,022	472,462
Total cost of revenues	17,419,247	9,536,264	5,400,875
Gross profit	4,042,021	2,222,487	1,599,257
Operating expenses			
Research and development	1,460,370	1,378,073	834,408
Selling, general and administrative	2,834,491	2,476,500	1,432,189
Restructuring and other	135,233	—	—
Total operating expenses	4,430,094	3,854,573	2,266,597
Loss from operations	(388,073)	(1,632,086)	(667,340)
Interest income	24,533	19,686	8,530
Interest expense	(663,071)	(471,259)	(198,810)
Other income (expense), net	21,866	(125,373)	111,272
Loss before income taxes	(1,004,745)	(2,209,032)	(746,348)
Provision for income taxes	57,837	31,546	26,698
Net loss	(1,062,582)	(2,240,578)	(773,046)
Net loss attributable to noncontrolling interests and redeemable noncontrolling interests in subsidiaries	(86,491)	(279,178)	(98,132)
Net loss attributable to common stockholders	<u>\$ (976,091)</u>	<u>\$ (1,961,400)</u>	<u>\$ (674,914)</u>
Net loss per share of common stock attributable to common stockholders			
Basic	<u>\$ (5.72)</u>	<u>\$ (11.83)</u>	<u>\$ (4.68)</u>
Diluted	<u>\$ (5.72)</u>	<u>\$ (11.83)</u>	<u>\$ (4.68)</u>
Weighted average shares used in computing net loss per share of common stock			
Basic	<u>170,525</u>	<u>165,758</u>	<u>144,212</u>
Diluted	<u>170,525</u>	<u>165,758</u>	<u>144,212</u>

The accompanying notes are an integral part of these consolidated financial statements.

Tesla, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2018	2017	2016
Cash Flows from Operating Activities			
Net loss	\$ (1,062,582)	\$ (2,240,578)	\$ (773,046)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation, amortization and impairment	1,901,050	1,636,003	947,099
Stock-based compensation	749,024	466,760	334,225
Amortization of debt discounts and issuance costs	158,730	91,037	94,690
Inventory write-downs	85,272	131,665	65,520
Loss on disposals of fixed assets	161,361	105,770	34,633
Foreign currency transaction (gains) losses	(1,511)	52,309	(29,183)
Loss (gain) related to SolarCity acquisition	—	57,746	(88,727)
Non-cash interest and other operating activities	48,507	135,237	(15,179)
Changes in operating assets and liabilities, net of effect of business combinations:			
Accounts receivable	(496,732)	(24,635)	(216,565)
Inventory	(1,023,264)	(178,850)	(632,867)
Operating lease vehicles	(214,747)	(1,522,573)	(1,832,836)
Prepaid expenses and other current assets	(82,125)	(72,084)	56,806
Other assets and MyPower customer notes receivable	(207,409)	(15,453)	(49,353)
Accounts payable and accrued liabilities	1,722,850	388,206	750,640
Deferred revenue	406,661	468,902	382,962
Customer deposits	(96,685)	170,027	388,361
Resale value guarantee	(110,564)	208,718	326,934
Other long-term liabilities	159,966	81,139	132,057
Net cash provided by (used in) operating activities	2,097,802	(60,654)	(123,829)
Cash Flows from Investing Activities			
Purchases of property and equipment excluding capital leases, net of sales	(2,100,724)	(3,414,814)	(1,280,802)
Maturities of short-term marketable securities	—	—	16,667
Purchases of solar energy systems, leased and to be leased	(218,792)	(666,540)	(159,669)
Business combinations, net of cash acquired	(17,912)	(114,523)	342,719
Net cash used in investing activities	(2,337,428)	(4,195,877)	(1,081,085)
Cash Flows from Financing Activities			
Proceeds from issuances of common stock in public offerings	—	400,175	1,701,734
Proceeds from issuances of convertible and other debt	6,176,173	7,138,055	2,852,964
Repayments of convertible and other debt	(5,247,057)	(3,995,484)	(1,857,594)
Repayments of borrowings issued to related parties	(100,000)	(165,000)	—
Collateralized lease (repayments) borrowings	(559,167)	511,321	769,709
Proceeds from exercises of stock options and other stock issuances	295,722	259,116	163,817
Principal payments on capital leases	(180,805)	(103,304)	(46,889)
Common stock and debt issuance costs	(14,973)	(63,111)	(20,042)
Purchases of convertible note hedges	—	(204,102)	—
Proceeds from settlement of convertible note hedges	—	287,213	—
Proceeds from issuances of warrants	—	52,883	—
Payments for settlements of warrants	(11)	(230,385)	—
Proceeds from investments by noncontrolling interests in subsidiaries	437,134	789,704	201,527
Distributions paid to noncontrolling interests in subsidiaries	(227,304)	(261,844)	(21,250)
Payments for buy-outs of noncontrolling interests in subsidiaries	(5,957)	(373)	—
Net cash provided by financing activities	573,755	4,414,864	3,743,976
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(22,700)	39,726	(6,553)
Net increase in cash and cash equivalents and restricted cash	311,429	198,059	2,532,509
Cash and cash equivalents and restricted cash, beginning of period	3,964,959	3,766,900	1,234,391
Cash and cash equivalents and restricted cash, end of period	\$ 4,276,388	\$ 3,964,959	\$ 3,766,900
Supplemental Non-Cash Investing and Financing Activities			
Shares issued in connection with business combinations and assumed vested awards	\$ —	\$ 10,528	\$ 2,145,977
Acquisitions of property and equipment included in liabilities	\$ 249,141	\$ 914,108	\$ 663,771
Estimated fair value of facilities under build-to-suit leases	\$ 94,445	\$ 313,483	\$ 307,879
Supplemental Disclosures			
Cash paid during the period for interest, net of amounts capitalized	\$ 380,836	\$ 182,571	\$ 38,693
Cash paid during the period for taxes, net of refunds	\$ 35,409	\$ 65,695	\$ 16,385

The accompanying notes are an integral part of these consolidated financial statements.

Warranties

We provide a manufacturer's warranty on all new and used vehicles, production powertrain components and systems and energy storage products we sell. In addition, we also provide a warranty on the installation and components of the solar energy systems we sell for periods typically between 10 to 30 years. We accrue a warranty reserve for the products sold by us, which includes our best estimate of the projected costs to repair or replace items under warranties and recalls when identified. These estimates are based on actual claims incurred to date and an estimate of the nature, frequency and costs of future claims. These estimates are inherently uncertain given our relatively short history of sales, and changes to our historical or projected warranty experience may cause material changes to the warranty reserve in the future. The warranty reserve does not include projected warranty costs associated with our vehicles subject to lease accounting and our solar energy systems under lease contracts or PPAs, as the costs to repair these warranty claims are expensed as incurred. The portion of the warranty reserve expected to be incurred within the next 12 months is included within accrued liabilities and other while the remaining balance is included within other long-term liabilities on the consolidated balance sheet. Due to the adoption of the new revenue standard, automotive sales with resale value guarantees that were previously recorded within operating lease assets require a corresponding warranty accrual, which is included in the table below. Warranty expense is recorded as a component of cost of revenues in the consolidated statements of operations. Accrued warranty activity consisted of the following (in thousands):

	Year Ended December 31,		
	2018	2017	2016
Accrued warranty—beginning of period	\$ 401,790	\$ 266,655	\$ 180,754
Assumed warranty liability from acquisition	—	4,737	31,366
Warranty costs incurred	(209,124)	(122,510)	(79,147)
Net changes in liability for pre-existing warranties, including expirations and foreign exchange impact	(26,294)	4,342	(20,084)
Additional warranty accrued from adoption of the new revenue standard	37,139	—	—
Provision for warranty	544,315	248,566	153,766
Accrued warranty—end of period	<u>\$ 747,826</u>	<u>\$ 401,790</u>	<u>\$ 266,655</u>

For the years ended December 31, 2018, 2017, and 2016, warranty costs incurred for vehicles accounted for as operating leases or collateralized debt arrangements were \$21.9 million, \$35.5 million and \$19.0 million, respectively.

Solar Energy System Performance Guarantees

We guarantee a specified minimum solar energy production output for certain solar energy systems leased or sold to customers, generally for a term of up to 30 years. We monitor the solar energy systems to ensure that these outputs are being achieved. We evaluate if any amounts are due to our customers and make any payments periodically as specified in the customer agreements. As of December 31, 2018 and 2017, we had recognized a liability of \$7.5 million and \$6.3 million, respectively, within accrued liabilities and other on the consolidated balance sheets, related to these guarantees based on our assessment of the exposures.

Solar Renewable Energy Credits

We account for solar renewable energy credits ("SRECs") when they are purchased by us or sold to third-parties. For SRECs generated by solar energy systems owned by us and minted by government agencies, we do not recognize any specifically identifiable costs as there are no specific incremental costs incurred to generate the SRECs. For SRECs purchased by us, we record these SRECs at their cost, subject to impairment testing. We recognize revenue from the sale of an SREC when the SREC is transferred to the buyer, and the cost of the SREC, if any, is then recorded to cost of revenue.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Tesla, Inc.

Date: February 19, 2019

/s/ Elon Musk
Elon Musk
Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Elon Musk</u> Elon Musk	Chief Executive Officer and Director (Principal Executive Officer)	February 19, 2019
<u>/s/ Deepak Ahuja</u> Deepak Ahuja	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	February 19, 2019
<u>/s/ Brad W. Buss</u> Brad W. Buss	Director	February 19, 2019
<u>/s/ Robyn Denholm</u> Robyn Denholm	Director	February 19, 2019
<u>/s/ Ira Ehrenpreis</u> Ira Ehrenpreis	Director	February 19, 2019
<u>/s/ Lawrence J. Ellison</u> Lawrence J. Ellison	Director	February 19, 2019
<u>/s/ Antonio J. Gracias</u> Antonio J. Gracias	Director	February 19, 2019
<u>/s/ James Murdoch</u> James Murdoch	Director	February 19, 2019
<u>/s/ Kimbal Musk</u> Kimbal Musk	Director	February 19, 2019
<u>/s/ Linda Johnson Rice</u> Linda Johnson Rice	Director	February 19, 2019
<u>/s/ Kathleen Wilson-Thompson</u> Kathleen Wilson-Thompson	Director	February 19, 2019
<u>Stephen T. Jurvetson</u>	Director	



Tesla Q1 2019 Vehicle Production & Deliveries

April 4, 2019

PALO ALTO, Calif., April 03, 2019 (GLOBE NEWSWIRE) -- In the first quarter, we produced approximately 77,100 total vehicles, consisting of 62,950 Model 3 and 14,150 Model S and X.

Deliveries were approximately 63,000 vehicles, which was 110% more than the same quarter last year, but 31% less than last quarter. This included approximately 50,900 Model 3 and 12,100 Model S and X.

Due to a massive increase in deliveries in Europe and China, which at times exceeded 5x that of prior peak delivery levels, and many challenges encountered for the first time, we had only delivered half of the entire quarter's numbers by March 21, ten days before end of quarter. This caused a large number of vehicle deliveries to shift to the second quarter. At the end of the first quarter, approximately 10,600 vehicles were in transit to customers globally.

Because of the lower than expected delivery volumes and several pricing adjustments, we expect Q1 net income to be negatively impacted. Even so, we ended the quarter with sufficient cash on hand.

In North America, Model 3 was yet again the best-selling mid-sized premium sedan, selling 60% more units than the runner up. Inventory of Model 3 vehicles in North America remains exceptionally low, reaching about two weeks of supply at the end of Q1, compared to the industry average of 2-3 months.

Despite pull forward of demand from Q1 2019 into Q4 2018 due to the step down in the federal tax credit, US orders for Model 3 vehicles significantly outpaced what we were able to deliver in Q1. We reaffirm our prior guidance of 360,000 to 400,000 vehicle deliveries in 2019.

Given that Tesla vehicle production currently occurs entirely from one factory in the San Francisco Bay Area, but must be delivered to customers all around the world, production could be significantly higher than deliveries, as it was this quarter, when production exceeded deliveries by 22%.

We've just begun the global expansion of Model 3, and we want to thank our employees for their hard work and our customers for supporting our mission. We are doing everything we can to deliver cars globally as quickly as possible and look forward to continuing to scale deliveries throughout the year.

Our net income and cash flow results will be announced along with the rest of our financial performance when we announce Q1 earnings. Our delivery count should be viewed as slightly conservative, as we only count a car as delivered if it is transferred to the customer and all paperwork is correct. We count a produced but undelivered vehicle to be in transit if the related customer has placed an order or paid the full purchase price for such vehicle. Final numbers could vary by up to 0.5%. Tesla vehicle deliveries represent only one measure of the company's financial performance and should not be relied on as an indicator of quarterly financial results, which depend on a variety of factors, including the cost of sales, foreign exchange movements and mix of directly leased vehicles.

Forward-Looking Statements

Certain statements herein, including statements regarding expected future vehicle deliveries and production and our expected financial results, are "forward-looking statements" that are subject to risks and uncertainties. These forward-looking statements are based on management's current expectations. Various important factors could cause actual results to differ materially, including the risks identified in our SEC filings. Tesla disclaims any obligation to update this information.



Source: Tesla, Inc.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

? **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2019

OR

? **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-34756

Tesla, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

3500 Deer Creek Road
Palo Alto, California
(Address of principal executive offices)

91-2197729
(I.R.S. Employer
Identification No.)

94304
(Zip Code)

(650) 681-5000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 ("Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ? No ?

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ? No ?

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer ? Accelerated filer ?

Non-accelerated filer ? Smaller reporting company ?

Emerging growth company ?

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ?

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ? No ?

As of April 22, 2019, there were 173,720,801 shares of the registrant's common stock outstanding.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

Tesla, Inc.
Consolidated Balance Sheets
(in thousands, except for par values)
(unaudited)

	March 31, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	\$ 2,198,169	\$ 3,685,618
Restricted cash	130,950	192,551
Accounts receivable, net	1,046,945	949,022
Inventory	3,836,850	3,113,446
Prepaid expenses and other current assets	464,908	365,671
Total current assets	7,677,822	8,306,308
Operating lease vehicles, net	1,972,502	2,089,758
Solar energy systems, net	6,241,637	6,271,396
Property, plant and equipment, net	9,850,929	11,330,077
Operating lease right-of-use assets	1,253,027	—
Intangible assets, net	273,568	282,492
Goodwill	74,312	68,159
MyPower customer notes receivable, net of current portion	413,181	421,548
Restricted cash, net of current portion	353,679	398,219
Other assets	801,867	571,657
Total assets	\$ 28,912,524	\$ 29,739,614
Liabilities		
Current liabilities		
Accounts payable	\$ 3,248,827	\$ 3,404,451
Accrued liabilities and other	2,276,951	2,094,253
Deferred revenue	762,810	630,292
Resale value guarantees	480,225	502,840
Customer deposits	768,276	792,601
Current portion of long-term debt and finance leases	1,705,711	2,567,699
Total current liabilities	9,242,800	9,992,136
Long-term debt and finance leases, net of current portion	9,787,950	9,403,672
Deferred revenue, net of current portion	1,157,343	990,873
Resale value guarantees, net of current portion	211,390	328,926
Other long-term liabilities	2,475,135	2,710,403
Total liabilities	22,874,618	23,426,010
Commitments and contingencies (Note 13)		
Redeemable noncontrolling interests in subsidiaries	570,284	555,964
Equity		
Stockholders' equity		
Preferred stock; \$0.001 par value; 100,000 shares authorized; no shares issued and outstanding	—	—
Common stock; \$0.001 par value; 2,000,000 shares authorized; 173,682 and 172,603 shares issued and outstanding as of March 31, 2019 and December 31, 2018, respectively	174	173
Additional paid-in capital	10,563,746	10,249,120
Accumulated other comprehensive loss	(35,019)	(8,218)
Accumulated deficit	(5,923,305)	(5,317,832)
Total stockholders' equity	4,605,596	4,923,243
Noncontrolling interests in subsidiaries	862,026	834,397
Total liabilities and equity	\$ 28,912,524	\$ 29,739,614

The accompanying notes are an integral part of these consolidated financial statements.

Tesla, Inc.
Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

	Three Months Ended March 31,	
	2019	2018
Revenues		
Automotive sales	\$ 3,508,741	\$ 2,561,881
Automotive leasing	215,120	173,436
Total automotive revenues	3,723,861	2,735,317
Energy generation and storage	324,661	410,022
Services and other	492,942	263,412
Total revenues	4,541,464	3,408,751
Cost of revenues		
Automotive sales	2,856,209	2,091,397
Automotive leasing	117,092	104,496
Total automotive cost of revenues	2,973,301	2,195,893
Energy generation and storage	316,887	375,363
Services and other	685,533	380,969
Total cost of revenues	3,975,721	2,952,225
Gross profit	565,743	456,526
Operating expenses		
Research and development	340,174	367,096
Selling, general and administrative	703,929	686,404
Restructuring and other	43,471	—
Total operating expenses	1,087,574	1,053,500
Loss from operations	(521,831)	(596,974)
Interest income	8,762	5,214
Interest expense	(157,453)	(149,546)
Other income (expense), net	25,750	(37,716)
Loss before income taxes	(644,772)	(779,022)
Provision for income taxes	22,873	5,605
Net loss	(667,645)	(784,627)
Net income (loss) attributable to noncontrolling interests and redeemable noncontrolling interests in subsidiaries	34,490	(75,076)
Net loss attributable to common stockholders	<u>\$ (702,135)</u>	<u>\$ (709,551)</u>
Net loss per share of common stock attributable to common stockholders		
Basic	<u>\$ (4.10)</u>	<u>\$ (4.19)</u>
Diluted	<u>\$ (4.10)</u>	<u>\$ (4.19)</u>
Weighted average shares used in computing net loss per share of common stock		
Basic	<u>172,989</u>	<u>169,146</u>
Diluted	<u>172,989</u>	<u>169,146</u>

The accompanying notes are an integral part of these consolidated financial statements.

Tesla, Inc.
Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Three Months Ended March 31,	
	2019	2018
Cash Flows from Operating Activities		
Net loss	\$ (667,645)	\$ (784,627)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation, amortization and impairment	467,577	416,233
Stock-based compensation	208,378	141,639
Amortization of debt discounts and issuance costs	40,108	39,345
Inventory write-downs	80,843	18,546
Loss on disposals of fixed assets	18,421	52,237
Foreign currency transaction (gains) losses	(39,130)	47,661
Non-cash interest and other operating activities	116,050	(3,984)
Operating cash flow related to repayment of discounted convertible notes	(188,107)	—
Changes in operating assets and liabilities, net of effect of business combinations:		
Accounts receivable	(99,640)	(169,142)
Inventory	(809,152)	(322,081)
Operating lease vehicles	13,012	(97,196)
Prepaid expenses and other current assets	(46,103)	(50,001)
Other non-current assets	28,064	(57,583)
Accounts payable and accrued liabilities	(27,577)	317,983
Deferred revenue	317,888	45,795
Customer deposits	(25,173)	67,359
Resale value guarantee	(47,394)	—
Other long-term liabilities	19,974	(60,560)
Net cash used in operating activities	(639,606)	(398,376)
Cash Flows from Investing Activities		
Purchases of property and equipment excluding finance leases, net of sales	(279,932)	(655,662)
Purchases of solar energy systems	(25,261)	(72,975)
Business combinations, net of cash acquired	(650)	—
Net cash used in investing activities	(305,843)	(728,637)
Cash Flows from Financing Activities		
Proceeds from issuances of convertible and other debt	1,494,066	1,775,481
Repayments of convertible and other debt	(1,970,709)	(1,389,388)
Repayments of borrowings issued to related parties	—	(17,500)
Collateralized lease (repayments) borrowings	(133,891)	(87,092)
Proceeds from exercises of stock options and other stock issuances	77,953	94,018
Principal payments on finance leases	(66,656)	(18,787)
Common stock and debt issuance costs	(7,757)	(2,913)
Proceeds from investments by noncontrolling interests in subsidiaries	46,821	73,704
Distributions paid to noncontrolling interests in subsidiaries	(85,257)	(52,942)
Payments for buy-outs of noncontrolling interests in subsidiaries	(7,589)	(2,921)
Net cash (used in) provided by financing activities	(653,019)	371,660
Effect of exchange rate changes on cash and cash equivalents and restricted cash	4,878	10,102
Net decrease in cash and cash equivalents and restricted cash	(1,593,590)	(745,251)
Cash and cash equivalents and restricted cash, beginning of period	4,276,388	3,964,959
Cash and cash equivalents and restricted cash, end of period	\$ 2,682,798	\$ 3,219,708
Supplemental Non-Cash Investing and Financing Activities		
Acquisitions of property and equipment included in liabilities	\$ 119,903	\$ 286,975
Estimated fair value of facilities under build-to-suit leases	\$ —	\$ 56,169

The accompanying notes are an integral part of these consolidated financial statements.

Warranties

We provide a manufacturer's warranty on all new and used vehicles, production powertrain components and systems and energy storage products we sell. In addition, we also provide a warranty on the installation and components of the solar energy systems we sell for periods typically between 10 to 30 years. We accrue a warranty reserve for the products sold by us, which includes our best estimate of the projected costs to repair or replace items under warranties and recalls when identified. These estimates are based on actual claims incurred to date and an estimate of the nature, frequency and costs of future claims. These estimates are inherently uncertain given our relatively short history of sales, and changes to our historical or projected warranty experience may cause material changes to the warranty reserve in the future. The warranty reserve does not include projected warranty costs associated with our vehicles subject to lease accounting and our solar energy systems under lease contracts or PPAs, as the costs to repair these warranty claims are expensed as incurred. The portion of the warranty reserve expected to be incurred within the next 12 months is included within accrued liabilities and other while the remaining balance is included within other long-term liabilities on the consolidated balance sheet. Warranty expense is recorded as a component of cost of revenues in the consolidated statements of operations. Accrued warranty activity consisted of the following (in thousands):

	Three Months Ended March 31,	
	2019	2018
Accrued warranty—beginning of period	\$ 747,826	\$ 401,790
Warranty costs incurred	(54,189)	(44,681)
Net changes in liability for pre-existing warranties, including expirations and foreign exchange impact	37,750	501
Additional warranty accrued from adoption of the new revenue standard	—	37,139
Provision for warranty	112,521	71,117
Accrued warranty—end of period	\$ 843,908	\$ 465,866

For the three months ended March 31, 2019 and 2018, warranty costs incurred for vehicles accounted for as operating leases or collateralized debt arrangements were \$5.6 million and \$5.8 million, respectively.

Recent Accounting Pronouncements

Recently issued accounting pronouncements not yet adopted

In June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, to require financial assets carried at amortized cost to be presented at the net amount expected to be collected based on historical experience, current conditions and forecasts. Subsequently, the FASB issued ASU No. 2018-19, *Codification Improvements to Topic 326*, to clarify that receivables arising from operating leases are within the scope of lease accounting standards. The ASUs are effective for interim and annual periods beginning after December 15, 2019, with early adoption permitted. Adoption of the ASUs is on a modified retrospective basis. We are currently obtaining an understanding of the ASUs and plan to adopt them on January 1, 2020.

In January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment*, to simplify the test for goodwill impairment by removing Step 2. An entity will, therefore, perform the goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognizing an impairment charge for the amount by which the carrying amount exceeds the fair value, not to exceed the total amount of goodwill allocated to the reporting unit. An entity still has the option to perform a qualitative assessment to determine if the quantitative impairment test is necessary. The ASU is effective for interim and annual periods beginning after December 15, 2019, with early adoption permitted. Adoption of the ASU is prospective. We are currently obtaining an understanding of the ASU and plan to adopt the ASU prospectively on January 1, 2020. The ASU is currently not expected to have a material impact on our consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that Is a Service Contract*. The ASU aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The ASU is effective for interim and annual periods beginning after December 15, 2019, with early adoption permitted. Adoption of the ASU is either retrospective or prospective. We are currently obtaining an understanding of the ASU and plan to adopt the ASU prospectively on January 1, 2020.

Recently adopted accounting pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, to require lessees to recognize all leases, with limited exceptions, on the balance sheet, while recognition on the statement of operations will remain similar to legacy lease accounting, ASC 840. The ASU also eliminates real estate-specific provisions and modifies certain aspects of lessor accounting. Subsequently, the FASB issued ASU No. 2018-10, *Codification Improvements to Topic 842*, ASU No. 2018-11, *Targeted Improvements*, ASU No. 2018-20, *Narrow-Scope Improvements for Lessors*, and ASU 2019-01, *Codification Improvements*, to clarify and amend the guidance in ASU No. 2016-02. The ASUs are effective for

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Tesla, Inc.

Date: April 29, 2019

/s/ Zachary J. Kirkhorn
Zachary J. Kirkhorn
Chief Financial Officer
(Principal Financial Officer and
Duly Authorized Officer)



Tesla Q2 2019 Vehicle Production & Deliveries

July 2, 2019

PALO ALTO, Calif., July 02, 2019 (GLOBE NEWSWIRE) -- In the second quarter, we achieved record production of 87,048 vehicles and record deliveries of approximately 95,200 vehicles. In addition, we made significant progress streamlining our global logistics and delivery operations at higher volumes, enabling cost efficiencies and improvements to our working capital position.

	Production	Deliveries
Model S/X	14,517	17,650
Model 3	72,531	77,550
Total	87,048	95,200

Orders generated during the quarter exceeded our deliveries, thus we are entering Q3 with an increase in our order backlog. We believe we are well positioned to continue growing total production and deliveries in Q3.

Customer vehicles in transit at the end of the quarter were over 7,400. Due to the order-to-VIN matching process we described in our Q1 2019 Shareholder Letter, which we extended to Model S and Model X in Q2 to improve process efficiency, this metric has become less relevant. As a result, we do not plan to disclose the customer vehicles in transit metric going forward.

Our net income and cash flow results will be announced along with the rest of our financial performance when we announce Q2 earnings. Our delivery count should be viewed as slightly conservative, as we only count a car as delivered if it is transferred to the customer and all paperwork is correct. We count a produced but undelivered vehicle to be in transit if the related customer has placed an order or paid the full purchase price for such vehicle. Final numbers could vary by up to 0.5% or more. Tesla vehicle deliveries represent only one measure of the company's financial performance and should not be relied on as an indicator of quarterly financial results, which depend on a variety of factors, including the cost of sales, foreign exchange movements and mix of directly leased vehicles.

Forward-Looking Statements

Certain statements herein, including statements regarding expected future vehicle deliveries and production, are "forward-looking statements" that are subject to risks and uncertainties. These forward-looking statements are based on management's current expectations. Various important factors could cause actual results to differ materially, including the risks identified in our SEC filings. Tesla disclaims any obligation to update this information.



Source: Tesla, Inc.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

? **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2019

OR

? **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-34756

Tesla, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

3500 Deer Creek Road
Palo Alto, California
(Address of principal executive offices)

91-2197729
(I.R.S. Employer
Identification No.)

94304
(Zip Code)

(650) 681-5000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock	TSLA	The Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 ("Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ? No ?

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ? No ?

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	?	Accelerated filer	?
Non-accelerated filer	?	Smaller reporting company	?
Emerging growth company	?		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ?

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ? No ?

As of July 22, 2019, there were 179,127,239 shares of the registrant's common stock outstanding.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

Tesla, Inc.
Consolidated Balance Sheets
(in thousands, except for par values)
(unaudited)

	June 30, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	\$ 4,954,740	\$ 3,685,618
Restricted cash	128,006	192,551
Accounts receivable, net	1,147,100	949,022
Inventory	3,382,358	3,113,446
Prepaid expenses and other current assets	569,748	365,671
Total current assets	10,181,952	8,306,308
Operating lease vehicles, net	2,069,540	2,089,758
Solar energy systems, net	6,200,704	6,271,396
Property, plant and equipment, net	10,082,458	11,330,077
Operating lease right-of-use assets	1,248,277	—
Intangible assets, net	327,358	282,492
Goodwill	153,475	68,159
MyPower customer notes receivable, net of current portion	400,308	421,548
Restricted cash, net of current portion	365,547	398,219
Other assets	842,978	571,657
Total assets	\$ 31,872,597	\$ 29,739,614
Liabilities		
Current liabilities		
Accounts payable	\$ 3,133,587	\$ 3,404,451
Accrued liabilities and other	2,622,943	2,094,253
Deferred revenue	883,293	630,292
Resale value guarantees	526,758	502,840
Customer deposits	631,107	792,601
Current portion of long-term debt and finance leases	1,791,085	2,567,699
Total current liabilities	9,588,773	9,992,136
Long-term debt and finance leases, net of current portion	11,234,401	9,403,672
Deferred revenue, net of current portion	1,182,042	990,873
Resale value guarantees, net of current portion	61,200	328,926
Other long-term liabilities	2,655,720	2,710,403
Total liabilities	24,722,136	23,426,010
Commitments and contingencies (Note 15)		
Redeemable noncontrolling interests in subsidiaries	580,227	555,964
Equity		
Stockholders' equity		
Preferred stock; \$0.001 par value; 100,000 shares authorized; no shares issued and outstanding	—	—
Common stock; \$0.001 par value; 2,000,000 shares authorized; 179,118 and 172,603 shares issued and outstanding as of June 30, 2019 and December 31, 2018, respectively	179	173
Additional paid-in capital	12,052,458	10,249,120
Accumulated other comprehensive loss	(5,605)	(8,218)
Accumulated deficit	(6,331,639)	(5,317,832)
Total stockholders' equity	5,715,393	4,923,243
Noncontrolling interests in subsidiaries	854,841	834,397
Total liabilities and equity	\$ 31,872,597	\$ 29,739,614

The accompanying notes are an integral part of these consolidated financial statements.

Tesla, Inc.
Consolidated Statements of Operations
(in thousands, except per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenues				
Automotive sales	\$ 5,168,027	\$ 3,117,865	\$ 8,676,768	\$ 5,679,746
Automotive leasing	208,362	239,816	423,482	413,252
Total automotive revenues	5,376,389	3,357,681	9,100,250	6,092,998
Energy generation and storage	368,208	374,408	692,869	784,430
Services and other	605,079	270,142	1,098,021	533,554
Total revenues	6,349,676	4,002,231	10,891,140	7,410,982
Cost of revenues				
Automotive sales	4,253,763	2,529,739	7,109,972	4,621,136
Automotive leasing	106,322	136,915	223,414	241,411
Total automotive cost of revenues	4,360,085	2,666,654	7,333,386	4,862,547
Energy generation and storage	325,523	330,273	642,410	705,636
Services and other	743,022	386,374	1,428,555	767,343
Total cost of revenues	5,428,630	3,383,301	9,404,351	6,335,526
Gross profit	921,046	618,930	1,486,789	1,075,456
Operating expenses				
Research and development	323,898	386,129	664,072	753,225
Selling, general and administrative	647,261	750,759	1,351,190	1,437,163
Restructuring and other	117,345	103,434	160,816	103,434
Total operating expenses	1,088,504	1,240,322	2,176,078	2,293,822
Loss from operations	(167,458)	(621,392)	(689,289)	(1,218,366)
Interest income	10,362	5,064	19,124	10,278
Interest expense	(171,979)	(163,582)	(329,432)	(313,128)
Other (expense) income, net	(40,756)	50,911	(15,006)	13,195
Loss before income taxes	(369,831)	(728,999)	(1,014,603)	(1,508,021)
Provision for income taxes	19,431	13,707	42,304	19,312
Net loss	(389,262)	(742,706)	(1,056,907)	(1,527,333)
Net income (loss) attributable to noncontrolling interests and redeemable noncontrolling interests in subsidiaries	19,072	(25,167)	53,562	(100,243)
Net loss attributable to common stockholders	<u>\$ (408,334)</u>	<u>\$ (717,539)</u>	<u>\$ (1,110,469)</u>	<u>\$ (1,427,090)</u>
Net loss per share of common stock attributable to common stockholders				
Basic	<u>\$ (2.31)</u>	<u>\$ (4.22)</u>	<u>(6.40)</u>	<u>\$ (8.42)</u>
Diluted	<u>\$ (2.31)</u>	<u>\$ (4.22)</u>	<u>(6.40)</u>	<u>\$ (8.42)</u>
Weighted average shares used in computing net loss per share of common stock				
Basic	<u>176,654</u>	<u>169,997</u>	<u>174,831</u>	<u>169,574</u>
Diluted	<u>176,654</u>	<u>169,997</u>	<u>174,831</u>	<u>169,574</u>

The accompanying notes are an integral part of these consolidated financial statements.

Tesla, Inc.
Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2019	2018
Cash Flows from Operating Activities		
Net loss	\$ (1,056,907)	\$ (1,527,333)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation, amortization and impairment	1,046,149	901,488
Stock-based compensation	418,241	338,983
Amortization of debt discounts and issuance costs	82,123	74,419
Inventory write-downs	115,672	46,098
Loss on disposals of fixed assets	47,931	118,850
Foreign currency transaction (gains) losses	(10,848)	6,185
Non-cash interest and other operating activities	158,699	5,685
Operating cash flow related to repayment of discounted convertible notes	(188,107)	—
Changes in operating assets and liabilities, net of effect of business combinations:		
Accounts receivable	(168,312)	(98,509)
Inventory	(352,428)	(1,055,556)
Operating lease vehicles	(175,898)	(186,208)
Prepaid expenses and other current assets	(139,141)	(95,194)
Other non-current assets	42,165	(59,446)
Accounts payable and accrued liabilities	49,898	909,720
Deferred revenue	476,556	107,497
Customer deposits	(160,376)	42,920
Resale value guarantee	(76,332)	(39,563)
Other long-term liabilities	114,915	(18,076)
Net cash provided by (used in) operating activities	<u>224,000</u>	<u>(528,040)</u>
Cash Flows from Investing Activities		
Purchases of property and equipment excluding finance leases, net of sales	(529,609)	(1,265,475)
Purchases of solar energy systems	(43,458)	(140,375)
Purchase of intangible assets	(5,333)	—
Business combinations, net of cash acquired	31,012	(5,604)
Net cash used in investing activities	<u>(547,388)</u>	<u>(1,411,454)</u>
Cash Flows from Financing Activities		
Proceeds from issuances of common stock in public offerings	848,232	—
Proceeds from issuances of convertible and other debt	5,007,481	3,043,227
Repayments of convertible and other debt	(3,700,332)	(2,268,716)
Repayments of borrowings issued to related parties	—	(17,500)
Collateralized lease repayments	(219,323)	(200,518)
Proceeds from exercises of stock options and other stock issuances	95,585	125,071
Principal payments on finance leases	(142,571)	(48,182)
Common stock and debt issuance costs	(30,376)	(3,671)
Purchase of convertible note hedges	(475,824)	—
Proceeds from issuance of warrants	174,432	—
Proceeds from investments by noncontrolling interests in subsidiaries	88,866	253,037
Distributions paid to noncontrolling interests in subsidiaries	(148,759)	(109,545)
Payments for buy-outs of noncontrolling interests in subsidiaries	(7,589)	(2,921)
Net cash provided by financing activities	<u>1,489,822</u>	<u>770,282</u>
Effect of exchange rate changes on cash and cash equivalents and restricted cash	5,471	(12,509)
Net increase (decrease) in cash and cash equivalents and restricted cash	1,171,905	(1,181,721)
Cash and cash equivalents and restricted cash, beginning of period	4,276,388	3,964,959
Cash and cash equivalents and restricted cash, end of period	<u>\$ 5,448,293</u>	<u>\$ 2,783,238</u>
Supplemental Non-Cash Investing and Financing Activities		
Equity issued in connection with business combination	\$ 207,222	\$ —
Acquisitions of property and equipment included in liabilities	\$ 287,002	\$ 335,048
Estimated fair value of facilities under build-to-suit leases	\$ —	\$ 61,709

The accompanying notes are an integral part of these consolidated financial statements.

Operating Lease Vehicles

Vehicles that are leased as part of our direct vehicle leasing program, vehicles delivered to leasing partners with a resale value guarantee and a buyback option, as well as vehicles delivered to customers with resale value guarantee where exercise is probable are classified as operating lease vehicles as the related revenue transactions are treated as operating leases (refer to the *Resale Value Guarantees Financing Programs under ASC 842* section above for details). Operating lease vehicles are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the expected operating lease term. The total cost of operating lease vehicles recorded on the consolidated balance sheets as of June 30, 2019 and December 31, 2018 was \$2.51 billion and \$2.55 billion, respectively. Accumulated depreciation related to leased vehicles as of June 30, 2019 and December 31, 2018 was \$435.9 million and \$457.6 million, respectively.

Warranties

We provide a manufacturer's warranty on all new and used vehicles, production powertrain components and systems and energy storage products we sell. In addition, we also provide a warranty on the installation and components of the solar energy systems we sell for periods typically between 10 to 30 years. We accrue a warranty reserve for the products sold by us, which includes our best estimate of the projected costs to repair or replace items under warranties and recalls when identified. These estimates are based on actual claims incurred to date and an estimate of the nature, frequency and costs of future claims. These estimates are inherently uncertain given our relatively short history of sales, and changes to our historical or projected warranty experience may cause material changes to the warranty reserve in the future. The warranty reserve does not include projected warranty costs associated with our vehicles subject to lease accounting and our solar energy systems under lease contracts or PPAs, as the costs to repair these warranty claims are expensed as incurred. The portion of the warranty reserve expected to be incurred within the next 12 months is included within accrued liabilities and other while the remaining balance is included within other long-term liabilities on the consolidated balance sheets. Warranty expense is recorded as a component of cost of revenues in the consolidated statements of operations. Accrued warranty activity consisted of the following (in thousands):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Accrued warranty—beginning of period	\$ 843,908	\$ 465,866	\$ 747,826	\$ 401,790
Warranty costs incurred	(61,237)	(49,604)	(115,426)	(94,285)
Net changes in liability for pre-existing warranties, including expirations and foreign exchange impact	5,598	(10,917)	43,348	(10,416)
Additional warranty accrued from adoption of the new revenue standard	—	—	—	37,139
Provision for warranty	153,223	118,664	265,744	189,781
Accrued warranty—end of period	<u>\$ 941,492</u>	<u>\$ 524,009</u>	<u>\$ 941,492</u>	<u>\$ 524,009</u>

For the three and six months ended June 30, 2019, warranty costs incurred for vehicles accounted for as operating leases or collateralized debt arrangements were \$5.7 million and \$11.3 million, respectively, and for the three and six months ended June 30, 2018, such costs were \$7.0 million and \$12.8 million, respectively.

Recent Accounting Pronouncements

Recently issued accounting pronouncements not yet adopted

In June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, to require financial assets carried at amortized cost to be presented at the net amount expected to be collected based on historical experience, current conditions and forecasts. Subsequently, the FASB issued ASU No. 2018-19, *Codification Improvements to Topic 326*, to clarify that receivables arising from operating leases are within the scope of lease accounting standards. Further, the FASB issued ASU No. 2019-04 and ASU No. 2019-05 to provide additional guidance on the credit losses standard. The ASUs are effective for interim and annual periods beginning after December 15, 2019, with early adoption permitted. Adoption of the ASUs is on a modified retrospective basis. We are currently obtaining an understanding of the ASUs and plan to adopt them on January 1, 2020.

In January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment*, to simplify the test for goodwill impairment by removing Step 2. An entity will, therefore, perform the goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognizing an impairment charge for the amount by which the carrying amount exceeds the fair value, not to exceed the total amount of goodwill allocated to the reporting unit. An entity still has the option to perform a qualitative assessment to determine if the quantitative impairment test is necessary. The ASU is effective for interim and annual periods beginning after December 15, 2019, with early adoption permitted. Adoption of the ASU is prospective. We plan to adopt the ASU prospectively on January 1, 2020. The ASU is currently not expected to have a material impact on our consolidated financial statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Tesla, Inc.

Date: July 28, 2019

/s/ Zachary J. Kirkhorn
Zachary J. Kirkhorn
Chief Financial Officer
(Principal Financial Officer and
Duly Authorized Officer)



Tesla Q3 2019 Vehicle Production & Deliveries

October 2, 2019

PALO ALTO, Calif., Oct. 02, 2019 (GLOBE NEWSWIRE) -- In the third quarter, we achieved record production of 96,155 vehicles and record deliveries of approximately 97,000 vehicles.

	Production	Deliveries	Subject to lease accounting	
Model S/X	16,318	17,400	15	%
Model 3	79,837	79,600	8	%
Total	96,155	97,000		

In addition, we achieved record net orders in Q3 and are entering Q4 with an increase in our order backlog. As was also the case in Q2, nearly all of our Model 3 orders were received from customers who did not previously hold a reservation, solidifying the transition to generating strong organic demand. We are continuing to focus on increasing production to meet that demand.

Our net income and cash flow results will be announced along with the rest of our financial performance when we announce Q3 earnings. Our delivery count should be viewed as slightly conservative, as we only count a car as delivered if it is transferred to the customer and all paperwork is correct. Final numbers could vary by up to 0.5% or more. Tesla vehicle deliveries represent only one measure of the company's financial performance and should not be relied on as an indicator of quarterly financial results, which depend on a variety of factors, including the cost of sales, foreign exchange movements and mix of directly leased vehicles.



Source: Tesla, Inc.

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

? **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2019

OR

? **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-34756

Tesla, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

3500 Deer Creek Road
Palo Alto, California
(Address of principal executive offices)

91-2197729
(I.R.S. Employer
Identification No.)

94304
(Zip Code)

(650) 681-5000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock	TSLA	The Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 ("Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ? No ?

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ? No ?

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	?	Accelerated filer	?
Non-accelerated filer	?	Smaller reporting company	?
Emerging growth company	?		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ?

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ? No ?

As of October 21, 2019, there were 180,244,858 shares of the registrant's common stock outstanding.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

Tesla, Inc.
Consolidated Balance Sheets
(in millions, except for par values)
(unaudited)

	September 30, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	\$ 5,338	\$ 3,686
Restricted cash	233	193
Accounts receivable, net	1,128	949
Inventory	3,581	3,113
Prepaid expenses and other current assets	660	366
Total current assets	10,940	8,307
Operating lease vehicles, net	2,253	2,090
Solar energy systems, net	6,168	6,271
Property, plant and equipment, net	10,190	11,330
Operating lease right-of-use assets	1,234	—
Intangible assets, net	351	282
Goodwill	186	68
MyPower customer notes receivable, net of current portion	398	422
Restricted cash, net of current portion	255	398
Other assets	820	572
Total assets	\$ 32,795	\$ 29,740
Liabilities		
Current liabilities		
Accounts payable	\$ 3,468	\$ 3,405
Accrued liabilities and other	2,497	2,094
Deferred revenue	1,045	630
Resale value guarantees	441	503
Customer deposits	665	793
Current portion of long-term debt and finance leases	2,030	2,568
Total current liabilities	10,146	9,993
Long-term debt and finance leases, net of current portion	11,313	9,404
Deferred revenue, net of current portion	1,140	991
Resale value guarantees, net of current portion	38	329
Other long-term liabilities	2,676	2,710
Total liabilities	25,313	23,427
Commitments and contingencies (Note 14)		
Redeemable noncontrolling interests in subsidiaries	600	556
Equity		
Stockholders' equity		
Preferred stock; \$0.001 par value; 100 shares authorized; no shares issued and outstanding	—	—
Common stock; \$0.001 par value; 2,000 shares authorized; 180 and 173 shares issued and outstanding as of September 30, 2019 and December 31, 2018, respectively	0	0
Additional paid-in capital	12,348	10,249
Accumulated other comprehensive loss	(120)	(8)
Accumulated deficit	(6,188)	(5,318)
Total stockholders' equity	6,040	4,923
Noncontrolling interests in subsidiaries	842	834
Total liabilities and equity	\$ 32,795	\$ 29,740

The accompanying notes are an integral part of these consolidated financial statements.

Tesla, Inc.
Consolidated Statements of Operations
(in millions, except per share data)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenues				
Automotive sales	\$ 5,132	\$ 5,878	\$ 13,809	\$ 11,558
Automotive leasing	221	221	644	634
Total automotive revenues	5,353	6,099	14,453	12,192
Energy generation and storage	402	399	1,095	1,183
Services and other	548	326	1,646	860
Total revenues	6,303	6,824	17,194	14,235
Cost of revenues				
Automotive sales	4,014	4,406	11,124	9,027
Automotive leasing	117	119	340	361
Total automotive cost of revenues	4,131	4,525	11,464	9,388
Energy generation and storage	314	330	956	1,036
Services and other	667	445	2,096	1,212
Total cost of revenues	5,112	5,300	14,516	11,636
Gross profit	1,191	1,524	2,678	2,599
Operating expenses				
Research and development	334	351	998	1,104
Selling, general and administrative	596	730	1,947	2,167
Restructuring and other	—	27	161	130
Total operating expenses	930	1,108	3,106	3,401
Income (loss) from operations	261	416	(428)	(802)
Interest income	15	7	34	17
Interest expense	(185)	(175)	(515)	(488)
Other income, net	85	23	70	36
Income (loss) before income taxes	176	271	(839)	(1,237)
Provision for income taxes	26	17	68	36
Net income (loss)	150	254	(907)	(1,273)
Net income (loss) attributable to noncontrolling interests and redeemable noncontrolling interests in subsidiaries	7	(57)	60	(157)
Net income (loss) attributable to common stockholders	<u>\$ 143</u>	<u>\$ 311</u>	<u>\$ (967)</u>	<u>\$ (1,116)</u>
Net income (loss) per share of common stock attributable to common stockholders				
Basic	<u>\$ 0.80</u>	<u>\$ 1.82</u>	<u>(5.54)</u>	<u>\$ (6.56)</u>
Diluted	<u>\$ 0.78</u>	<u>\$ 1.75</u>	<u>(5.54)</u>	<u>\$ (6.56)</u>
Weighted average shares used in computing net income (loss) per share of common stock				
Basic	179	171	176	170
Diluted	184	178	176	170

The accompanying notes are an integral part of these consolidated financial statements.

Tesla, Inc.
Consolidated Statements of Cash Flows
(in millions)
(unaudited)

	Nine Months Ended September 30,	
	2019	2018
Cash Flows from Operating Activities		
Net loss	\$ (907)	\$ (1,273)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation, amortization and impairment	1,577	1,404
Stock-based compensation	617	544
Amortization of debt discounts and issuance costs	138	121
Inventory write-downs	167	60
Loss on disposals of fixed assets	69	133
Foreign currency transaction gains	(102)	(7)
Non-cash interest and other operating activities	189	22
Operating cash flow related to repayment of discounted convertible notes	(188)	—
Changes in operating assets and liabilities, net of effect of business combinations:		
Accounts receivable	(150)	(686)
Inventory	(485)	(1,111)
Operating lease vehicles	(467)	(189)
Prepaid expenses and other current assets	(236)	(31)
Other non-current assets	46	(62)
Accounts payable and accrued liabilities	142	1,628
Deferred revenue	625	284
Customer deposits	(114)	10
Resale value guarantee	(112)	(58)
Other long-term liabilities	171	74
Net cash provided by operating activities	<u>980</u>	<u>863</u>
Cash Flows from Investing Activities		
Purchases of property and equipment excluding finance leases, net of sales	(915)	(1,776)
Purchases of solar energy systems	(68)	(189)
Purchase of intangible assets	(5)	—
Business combinations, net of cash acquired	(45)	(7)
Net cash used in investing activities	<u>(1,033)</u>	<u>(1,972)</u>
Cash Flows from Financing Activities		
Proceeds from issuances of common stock in public offerings	848	—
Proceeds from issuances of convertible and other debt	7,119	3,947
Repayments of convertible and other debt	(5,601)	(3,111)
Repayments of borrowings issued to related parties	—	(100)
Collateralized lease repayments	(302)	(343)
Proceeds from exercises of stock options and other stock issuances	167	220
Principal payments on finance leases	(223)	(106)
Common stock and debt issuance costs	(32)	(5)
Purchase of convertible note hedges	(476)	—
Proceeds from issuance of warrants	174	—
Proceeds from investments by noncontrolling interests in subsidiaries	153	366
Distributions paid to noncontrolling interests in subsidiaries	(211)	(179)
Payments for buy-outs of noncontrolling interests in subsidiaries	(8)	(3)
Net cash provided by financing activities	<u>1,608</u>	<u>686</u>
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(6)	(19)
Net increase (decrease) in cash and cash equivalents and restricted cash	<u>1,549</u>	<u>(442)</u>
Cash and cash equivalents and restricted cash, beginning of period	<u>4,277</u>	<u>3,965</u>
Cash and cash equivalents and restricted cash, end of period	<u>\$ 5,826</u>	<u>\$ 3,523</u>
Supplemental Non-Cash Investing and Financing Activities		
Equity issued in connection with business combination	\$ 207	\$ —
Acquisitions of property and equipment included in liabilities	\$ 375	\$ 306
Estimated fair value of facilities under build-to-suit leases	\$ —	\$ 62

The accompanying notes are an integral part of these consolidated financial statements.

Warranties

We provide a manufacturer's warranty on all new and used vehicles, production powertrain components and systems and energy storage products we sell. In addition, we also provide a warranty on the installation and components of the solar energy systems we sell for periods typically between 10 to 30 years. We accrue a warranty reserve for the products sold by us, which includes our best estimate of the projected costs to repair or replace items under warranties and recalls when identified. These estimates are based on actual claims incurred to date and an estimate of the nature, frequency and costs of future claims. These estimates are inherently uncertain given our relatively short history of sales, and changes to our historical or projected warranty experience may cause material changes to the warranty reserve in the future. The warranty reserve does not include projected warranty costs associated with our vehicles subject to lease accounting and our solar energy systems under lease contracts or PPAs, as the costs to repair these warranty claims are expensed as incurred. The portion of the warranty reserve expected to be incurred within the next 12 months is included within accrued liabilities and other while the remaining balance is included within other long-term liabilities on the consolidated balance sheets. Warranty expense is recorded as a component of cost of revenues in the consolidated statements of operations. Due to the magnitude of our automotive business, accrued warranty balance as of September 30, 2019 was primarily related to our automotive segment. Accrued warranty activity consisted of the following (in millions):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2019	2018	2019	2018
Accrued warranty—beginning of period	\$ 941	\$ 524	\$ 748	\$ 402
Warranty costs incurred	(59)	(54)	(175)	(148)
Net changes in liability for pre-existing warranties, including expirations and foreign exchange impact	(37)	(13)	36	(24)
Additional warranty accrued from adoption of the new revenue standard	—	—	—	37
Provision for warranty	138	187	374	377
Accrued warranty—end of period	<u>\$ 983</u>	<u>\$ 644</u>	<u>\$ 983</u>	<u>\$ 644</u>

For the three and nine months ended September 30, 2019, warranty costs incurred for vehicles accounted for as operating leases or collateralized debt arrangements were \$4 million and \$16 million, respectively, and for the three and nine months ended September 30, 2018, such costs were \$5 million and \$17 million, respectively.

Recent Accounting Pronouncements

Recently issued accounting pronouncements not yet adopted

In June 2016, the FASB issued ASU No. 2016-13, *Measurement of Credit Losses on Financial Instruments*, to require financial assets carried at amortized cost to be presented at the net amount expected to be collected based on historical experience, current conditions and forecasts. Subsequently, the FASB issued ASU No. 2018-19, *Codification Improvements to Topic 326*, to clarify that receivables arising from operating leases are within the scope of lease accounting standards. Further, the FASB issued ASU No. 2019-04 and ASU No. 2019-05 to provide additional guidance on the credit losses standard. The ASUs are effective for interim and annual periods beginning after December 15, 2019, with early adoption permitted. Adoption of the ASUs is on a modified retrospective basis. We are currently obtaining an understanding of the ASUs and plan to adopt them on January 1, 2020.

In January 2017, the FASB issued ASU No. 2017-04, *Simplifying the Test for Goodwill Impairment*, to simplify the test for goodwill impairment by removing Step 2. An entity will, therefore, perform the goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and recognizing an impairment charge for the amount by which the carrying amount exceeds the fair value, not to exceed the total amount of goodwill allocated to the reporting unit. An entity still has the option to perform a qualitative assessment to determine if the quantitative impairment test is necessary. The ASU is effective for interim and annual periods beginning after December 15, 2019, with early adoption permitted. Adoption of the ASU is prospective. We plan to adopt the ASU prospectively on January 1, 2020. The ASU is currently not expected to have a material impact on our consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that Is a Service Contract*. The ASU aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The ASU is effective for interim and annual periods beginning after December 15, 2019, with early adoption permitted. Adoption of the ASU is either retrospective or prospective. We plan to adopt the ASU prospectively on January 1, 2020. The ASU is currently not expected to have a material impact on our consolidated financial statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Tesla, Inc.

Date: October 28, 2019

/s/ Zachary J. Kirkhorn
Zachary J. Kirkhorn
Chief Financial Officer
(Principal Financial Officer and
Duly Authorized Officer)



Tesla Q4 2019 Vehicle Production & Deliveries

January 3, 2020

PALO ALTO, Calif., Jan. 03, 2020 (GLOBE NEWSWIRE) -- In the fourth quarter, we achieved record production of almost 105,000 vehicles and record deliveries of approximately 112,000 vehicles. In 2019, we delivered approximately 367,500 vehicles, 50% more than the previous year and in line with our full year guidance.

	Production	Deliveries	Subject to lease accounting	
Model S/X	17,933	19,450	14	%
Model 3	86,958	92,550	7	%
Total	104,891	112,000	8	%

We continue to focus on expanding production in both the US as well as our newly launched facility in Shanghai. Despite breaking ground at Gigafactory Shanghai less than 12 months ago, we have already produced just under 1,000 customer salable cars and have begun deliveries. We have also demonstrated production run-rate capability of greater than 3,000 units per week, excluding local battery pack production which began in late December.

Lastly, we want to thank our customers, employees, suppliers, shareholders and supporters who made another record-breaking year possible.

Our net income and cash flow results will be announced along with the rest of our financial performance when we announce Q4 earnings. Our delivery count should be viewed as slightly conservative, as we only count a car as delivered if it is transferred to the customer and all paperwork is correct. Final numbers could vary by up to 0.5% or more. Tesla vehicle deliveries represent only one measure of the company's financial performance and should not be relied on as an indicator of quarterly financial results, which depend on a variety of factors, including the cost of sales, foreign exchange movements and mix of directly leased vehicles.



Source: Tesla, Inc.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

(Mark One)

? **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019

OR

? **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-34756

Tesla, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
3500 Deer Creek Road
Palo Alto, California
(Address of principal executive offices)

91-2197729
(I.R.S. Employer
Identification No.)

94304
(Zip Code)

(650) 681-5000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock	TSLA	The Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ? No ?

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ? No ?

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 ("Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ? No ?

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ? No ?

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	?	Accelerated filer	?
Non-accelerated filer	?	Smaller reporting company	?
Emerging growth company	?		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ?

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ? No ?

The aggregate market value of voting stock held by non-affiliates of the registrant, as of June 30, 2019, the last day of the registrant's most recently completed second fiscal quarter, was \$31.54 billion (based on the closing price for shares of the registrant's Common Stock as reported by the NASDAQ Global Select Market on June 30, 2019). Shares of Common Stock held by each executive officer, director, and holder of 5% or more of the outstanding Common Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 7, 2020, there were 181,341,586 shares of the registrant's Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the 2020 Annual Meeting of Stockholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K to the extent stated herein. Such proxy statement will be filed with the Securities and Exchange Commission within 120 days of the registrant's fiscal year ended December 31, 2019.

Tesla, Inc.
Consolidated Balance Sheets
(in millions, except per share data)

	December 31, 2019	December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	\$ 6,268	\$ 3,686
Restricted cash	246	193
Accounts receivable, net	1,324	949
Inventory	3,552	3,113
Prepaid expenses and other current assets	713	366
Total current assets	12,103	8,307
Operating lease vehicles, net	2,447	2,090
Solar energy systems, net	6,138	6,271
Property, plant and equipment, net	10,396	11,330
Operating lease right-of-use assets	1,218	—
Intangible assets, net	339	282
Goodwill	198	68
MyPower customer notes receivable, net of current portion	393	422
Restricted cash, net of current portion	269	398
Other assets	808	572
Total assets	\$ 34,309	\$ 29,740
Liabilities		
Current liabilities		
Accounts payable	\$ 3,771	\$ 3,405
Accrued liabilities and other	2,905	2,094
Deferred revenue	1,163	630
Resale value guarantees	317	503
Customer deposits	726	793
Current portion of debt and finance leases	1,785	2,568
Total current liabilities	10,667	9,993
Debt and finance leases, net of current portion	11,634	9,404
Deferred revenue, net of current portion	1,207	991
Resale value guarantees, net of current portion	36	329
Other long-term liabilities	2,655	2,710
Total liabilities	26,199	23,427
Commitments and contingencies (Note 16)		
Redeemable noncontrolling interests in subsidiaries	643	556
Equity		
Stockholders' equity		
Preferred stock; \$0.001 par value; 100 shares authorized; no shares issued and outstanding	—	—
Common stock; \$0.001 par value; 2,000 shares authorized; 181 and 173 shares issued and outstanding as of December 31, 2019 and 2018, respectively	0	0
Additional paid-in capital	12,737	10,249
Accumulated other comprehensive loss	(36)	(8)
Accumulated deficit	(6,083)	(5,318)
Total stockholders' equity	6,618	4,923
Noncontrolling interests in subsidiaries	849	834
Total liabilities and equity	\$ 34,309	\$ 29,740

The accompanying notes are an integral part of these consolidated financial statements.

Tesla, Inc.
Consolidated Statements of Operations
(in millions, except per share data)

	Year Ended December 31,		
	2019	2018	2017
Revenues			
Automotive sales	\$ 19,952	\$ 17,632	\$ 8,535
Automotive leasing	869	883	1,107
Total automotive revenues	20,821	18,515	9,642
Energy generation and storage	1,531	1,555	1,116
Services and other	2,226	1,391	1,001
Total revenues	24,578	21,461	11,759
Cost of revenues			
Automotive sales	15,939	13,686	6,725
Automotive leasing	459	488	708
Total automotive cost of revenues	16,398	14,174	7,433
Energy generation and storage	1,341	1,365	874
Services and other	2,770	1,880	1,229
Total cost of revenues	20,509	17,419	9,536
Gross profit	4,069	4,042	2,223
Operating expenses			
Research and development	1,343	1,460	1,378
Selling, general and administrative	2,646	2,835	2,477
Restructuring and other	149	135	—
Total operating expenses	4,138	4,430	3,855
Loss from operations	(69)	(388)	(1,632)
Interest income	44	24	19
Interest expense	(685)	(663)	(471)
Other income (expense), net	45	22	(125)
Loss before income taxes	(665)	(1,005)	(2,209)
Provision for income taxes	110	58	32
Net loss	(775)	(1,063)	(2,241)
Net income (loss) attributable to noncontrolling interests and redeemable noncontrolling interests in subsidiaries	87	(87)	(279)
Net loss attributable to common stockholders	<u>\$ (862)</u>	<u>\$ (976)</u>	<u>\$ (1,962)</u>
Net loss per share of common stock attributable to common stockholders			
Basic	<u>(4.92)</u>	<u>\$ (5.72)</u>	<u>\$ (11.83)</u>
Diluted	<u>(4.92)</u>	<u>\$ (5.72)</u>	<u>\$ (11.83)</u>
Weighted average shares used in computing net loss per share of common stock			
Basic	<u>177</u>	<u>171</u>	<u>166</u>
Diluted	<u>177</u>	<u>171</u>	<u>166</u>

The accompanying notes are an integral part of these consolidated financial statements.

Tesla, Inc.
Consolidated Statements of Cash Flows
(in millions)

	Year Ended December 31,		
	2019	2018	2017
Cash Flows from Operating Activities			
Net loss	\$ (775)	\$ (1,063)	\$ (2,241)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation, amortization and impairment	2,154	1,901	1,636
Stock-based compensation	898	749	467
Amortization of debt discounts and issuance costs	188	159	91
Inventory and purchase commitments write-downs	193	85	132
Loss on disposals of fixed assets	146	162	106
Foreign currency transaction (gains) loss	(48)	(2)	52
Loss related to SolarCity acquisition	—	—	58
Non-cash interest and other operating activities	186	49	135
Operating cash flow related to repayment of discounted convertible notes	(188)	—	—
Changes in operating assets and liabilities, net of effect of business combinations:			
Accounts receivable	(367)	(497)	(25)
Inventory	(429)	(1,023)	(179)
Operating lease vehicles	(764)	(215)	(1,523)
Prepaid expenses and other current assets	(288)	(82)	(72)
Other non-current assets	115	(207)	(15)
Accounts payable and accrued liabilities	682	1,723	388
Deferred revenue	801	406	469
Customer deposits	(58)	(96)	170
Resale value guarantee	(150)	(111)	209
Other long-term liabilities	109	160	81
Net cash provided by (used in) operating activities	2,405	2,098	(61)
Cash Flows from Investing Activities			
Purchases of property and equipment excluding finance leases, net of sales	(1,327)	(2,101)	(3,415)
Purchases of solar energy systems	(105)	(218)	(666)
Purchase of intangible assets	(5)	—	—
Receipt of government grants	46	—	—
Business combinations, net of cash acquired	(45)	(18)	(115)
Net cash used in investing activities	(1,436)	(2,337)	(4,196)
Cash Flows from Financing Activities			
Proceeds from issuances of common stock in public offerings, net of underwriting discounts	848	—	400
Proceeds from issuances of convertible and other debt	10,669	6,176	7,138
Repayments of convertible and other debt	(9,161)	(5,247)	(3,996)
Repayments of borrowings issued to related parties	—	(100)	(165)
Collateralized lease repayments	(389)	(559)	511
Proceeds from exercises of stock options and other stock issuances	263	296	259
Principal payments on finance leases	(321)	(181)	(103)
Common stock and debt issuance costs	(37)	(15)	(63)
Purchase of convertible note hedges	(476)	—	(204)
Proceeds from settlement of convertible note hedges	—	—	287
Proceeds from issuance of warrants	174	—	53
Payments for settlements of warrants	—	—	(230)
Proceeds from investments by noncontrolling interests in subsidiaries	279	437	790
Distributions paid to noncontrolling interests in subsidiaries	(311)	(227)	(262)
Payments for buy-outs of noncontrolling interests in subsidiaries	(9)	(6)	—
Net cash provided by financing activities	1,529	574	4,415
Effect of exchange rate changes on cash and cash equivalents and restricted cash	8	(23)	40
Net increase in cash and cash equivalents and restricted cash	2,506	312	198
Cash and cash equivalents and restricted cash, beginning of period	4,277	3,965	3,767
Cash and cash equivalents and restricted cash, end of period	\$ 6,783	\$ 4,277	\$ 3,965
Supplemental Non-Cash Investing and Financing Activities			
Equity issued in connection with business combination	\$ 207	\$ —	\$ —
Acquisitions of property and equipment included in liabilities	\$ 562	\$ 249	\$ 914
Estimated fair value of facilities under build-to-suit leases	\$ —	\$ 94	\$ 313
Supplemental Disclosures			
Cash paid during the period for interest, net of amounts capitalized	\$ 455	\$ 381	\$ 183
Cash paid during the period for taxes, net of refunds	\$ 54	\$ 35	\$ 66

The accompanying notes are an integral part of these consolidated financial statements.

Warranties

We provide a manufacturer's warranty on all new and used vehicles and production powertrain components and systems we sell. In addition, we also provide a warranty on the installation and components of the energy generation and storage systems we sell for periods typically between 10 to 25 years. We accrue a warranty reserve for the products sold by us, which includes our best estimate of the projected costs to repair or replace items under warranties and recalls when identified. These estimates are based on actual claims incurred to date and an estimate of the nature, frequency and costs of future claims. These estimates are inherently uncertain given our relatively short history of sales, and changes to our historical or projected warranty experience may cause material changes to the warranty reserve in the future. The warranty reserve does not include projected warranty costs associated with our vehicles subject to lease accounting and our solar energy systems under lease contracts or PPAs, as the costs to repair these warranty claims are expensed as incurred. The portion of the warranty reserve expected to be incurred within the next 12 months is included within accrued liabilities and other, while the remaining balance is included within other long-term liabilities on the consolidated balance sheets. Warranty expense is recorded as a component of cost of revenues in the consolidated statements of operations. Due to the magnitude of our automotive business, accrued warranty balance as of December 31, 2019 was primarily related to our automotive segment. Accrued warranty activity consisted of the following (in millions):

	Year Ended December 31,		
	2019	2018	2017
Accrued warranty—beginning of period	\$ 748	\$ 402	\$ 267
Assumed warranty liability from acquisition	—	—	5
Warranty costs incurred	(250)	(209)	(123)
Net changes in liability for pre-existing warranties, including expirations and foreign exchange impact	36	(26)	4
Additional warranty accrued from adoption of the new revenue standard	—	37	—
Provision for warranty	555	544	249
Accrued warranty—end of period	<u>\$ 1,089</u>	<u>\$ 748</u>	<u>\$ 402</u>

For the years ended December 31, 2019 and 2018, and 2017, warranty costs incurred for vehicles accounted for as operating leases were \$20 million, \$22 million and \$36 million, respectively.

Solar Renewable Energy Credits

We account for solar renewable energy credits ("SRECs") when they are purchased by us or sold to third-parties. For SRECs generated by solar energy systems owned by us and minted by government agencies, we do not recognize any specifically identifiable costs as there are no specific incremental costs incurred to generate the SRECs. We recognize revenue within the energy generation and storage segment from the sale of an SREC when the SREC is transferred to the buyer, and the cost of the SREC, if any, is then recorded to energy generation and storage cost of revenue.

Deferred Investment Tax Credit Revenue

We have solar energy systems that are eligible for ITCs that accrue to eligible property under the Internal Revenue Code ("IRC"). Under Section 50(d)(5) of the IRC and the related regulations, a lessor of qualifying property may elect to treat the lessee as the owner of such property for the purposes of claiming the ITCs associated with such property. These regulations enable the ITCs to be separated from the ownership of the property and allow the transfer of the ITCs. Under our lease pass-through fund arrangements, we can make a tax election to pass-through the ITCs to the investors, who are the legal lessee of the property. Therefore, we are able to monetize these ITCs to the investors who can utilize them in return for cash payments. We consider the monetization of ITCs to constitute one of the key elements of realizing the value associated with solar energy systems. Consequently, we consider the proceeds from the monetization of ITCs to be a component of revenue generated from solar energy systems.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Tesla, Inc.

Date: February 13, 2020

/s/ Elon Musk
Elon Musk
Chief Executive Officer
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Elon Musk</u> Elon Musk	Chief Executive Officer and Director (Principal Executive Officer)	February 13, 2020
<u>/s/ Zachary J. Kirkhorn</u> Zachary J. Kirkhorn	Chief Financial Officer (Principal Financial Officer)	February 13, 2020
<u>/s/ Vaibhav Taneja</u> Vaibhav Taneja	Chief Accounting Officer (Principal Accounting Officer)	February 13, 2020
<u>/s/ Robyn Denholm</u> Robyn Denholm	Director	February 13, 2020
<u>/s/ Ira Ehrenpreis</u> Ira Ehrenpreis	Director	February 13, 2020
<u>/s/ Lawrence J. Ellison</u> Lawrence J. Ellison	Director	February 13, 2020
<u>/s/ Antonio J. Gracias</u> Antonio J. Gracias	Director	February 13, 2020
<u>/s/ Stephen T. Jurvetson</u> Stephen T. Jurvetson	Director	February 13, 2020
<u>/s/ James Murdoch</u> James Murdoch	Director	February 13, 2020
<u>/s/ Kimbal Musk</u> Kimbal Musk	Director	February 13, 2020
<u>/s/ Kathleen Wilson-Thompson</u> Kathleen Wilson-Thompson	Director	February 13, 2020

English Convenience Translation
-Original Agreement has been executed in Mandarin Chinese-

Tesla (Shanghai) Co., Ltd.

(as **Borrower**)

China Construction Bank Corporation, China (Shanghai) Pilot Free Trade Zone Special Area Branch

(as **Primary Lead Arranger**)

Agricultural Bank of China Limited, Shanghai Changning Sub-branch

Industrial and Commercial Bank of China Limited, China (Shanghai) Pilot Free Trade Zone Special Area Branch

Shanghai Pudong Development Bank Co., Ltd., Shanghai Branch

(as **Joint Lead Arrangers**)

China Construction Bank Corporation, China (Shanghai) Pilot Free Trade Zone Special Area Branch

(as **Facility Agent**)

Industrial and Commercial Bank of China Limited, China (Shanghai) Pilot Free Trade Zone Special Area Branch

(as **Security Agent**)

China Construction Bank Corporation, China (Shanghai) Pilot Free Trade Zone Special Area Branch and

Industrial and Commercial Bank of China Limited, China (Shanghai) Pilot Free Trade Zone Special Area Branch

(as **Account Banks**)

Agricultural Bank of China Limited, Shanghai Changning Sub-branch

(as **Trade Finance Bank**)

Shanghai Pudong Development Bank Co., Ltd., Shanghai Branch

(as **Capital Account Bank**)

Financial Institutions set out in Schedule 1

(as **Original Lenders**)

**FIXED ASSET SYNDICATION
LOAN AGREEMENT
RMB Nine Billion (or its
equivalent in USD)**

December 18, 2019

THIS AGREEMENT is made in Shanghai on December 18, 2019 (the "**Effective Date**")

AMONG

- (1) Tesla (Shanghai) Co., Ltd. as Borrower (the "**Borrower**")

Legal Address: D203A, No.168 Tonghui Road, Nanhui New Town,
Pudong New District

Legal Representative: Xiaotong Zhu

- (2) China Construction Bank Corporation, China (Shanghai) Pilot Free Trade Zone Special Area Branch as Primary Mandated Lead Arranger and Bookrunner (the "**Primary Lead Arranger**")
- (3) Agricultural Bank of China Limited, Shanghai Changning Sub-branch, Industrial and Commercial Bank of China Limited, China (Shanghai) Pilot Free Trade Zone Special Area Branch, Shanghai Pudong Development Bank Co., Ltd., Shanghai Branch as Joint Mandated Lead Arrangers and Bookrunners (the "**Joint Lead Arrangers**", together with the Primary Lead Arranger referred to as the "**Lead Arrangers**")
- (4) China Construction Bank Corporation, China (Shanghai) Pilot Free Trade Zone Special Area Branch as Facility Agent (the "**Facility Agent**")
- (5) Industrial and Commercial Bank of China Limited, China (Shanghai) Pilot Free Trade Zone Special Area Branch as Security Agent (the "**Security Agent**")
- (6) China Construction Bank Corporation, China (Shanghai) Pilot Free Trade Zone Special Area Branch as Account Bank A (the "**Account Bank A**"); Industrial and Commercial Bank of China Limited, China (Shanghai) Pilot Free Trade Zone Special Area Branch as Account Bank B (the "**Account Bank B**", together with the Account Bank A referred to as the "**Account Banks**")
- (7) Agricultural Bank of China Limited, Shanghai Changning Sub-branch as Trade Finance Bank (the "**Trade Finance Bank**")
- (8) Shanghai Pudong Development Bank Co., Ltd., Shanghai Branch as Capital Account Bank (the "**Capital Account Bank**")
- (9) The following financial institutions as Original Lenders (the "**Original Lenders**")

7. Information

All written documents provided by the Borrower are true and valid in all material aspects as of the date of delivery of the same.

8. Material Licenses

The Borrower has obtained material licenses in relation to the Project pursuant to laws and regulations of the PRC.

9. No Material Default

To the Borrower’s knowledge, as of the Effective Date of this Agreement, there is no material default of the Borrower under any agreement to which it is a party (material is defined as RMB500,000,000 (or its equivalent in other currency)).

10. No Material Litigation and Arbitration

To the Borrower’s knowledge, as of the Effective Date of this Agreement, there is no litigation or arbitration of the Borrower that will produce any Material Adverse Effect (other than those of a frivolous or vexatious nature which the Borrower is contesting in good faith).

11. COVENANTS

The Borrower undertakes with each Finance Party as follows:

1. Compliance with Law

The Borrower shall ensure that any laws, regulations and rules relevant to its business and operation will be complied with in all material respects.

2. Permits

The Borrower shall obtain, maintain and comply with all government approvals or filings in relation to the Project.

3. Supply of Information

- (1) The Borrower shall, within one hundred and eighty (180) days after the end of each financial year or such longer period as consented by the Facility Agent (and the Facility Agent shall not unreasonably reject or delay to give such consent), provide the Facility Agent with its audited financial statements.

- (2) The Borrower shall, within ninety (90) days after the end of each semi-financial year or such longer period as consented by the Facility Agent (and the Facility Agent shall not unreasonably reject or delay to give such consent), provide the Facility Agent with its unaudited financial statements in respect of that semi-financial year.
- (3) The Borrower shall provide the Facility Agent a statement with respect to the investment and construction progress of this Project at the end of each quarter.

4. Project Capital

The Borrower shall ensure that the ratio of the paid-up capital funds of the Project and the aggregate drawdown amount is no less than 2:8, and the Project capital funds shall be applied to the Project before the utilization of the Advance. The Borrower shall ensure that the Project capital has been fully paid on the earlier of: (1) the end of the Availability Period; or (2) the next Drawdown Date after the total drawn down amount reaches 90% of the Facility. For the avoidance of doubt, before the capital funds of the Project (i.e. 20% of the total investment amount set forth in the Shanghai foreign investment project filing certificate for the Project) is fully paid-up, the drawdown amount shall not exceed 90% of the Facility.

5. External Financing

If the Borrower incurs any other financing for the Project, proceeds of such financings shall firstly be used to repay the Facility hereunder (for the avoidance of doubts, this provision does not limit the Borrower from borrowing from its shareholders or other Affiliate Companies within the group; the Borrower may borrow from its shareholders or other Affiliate Companies within the group without repaying the Facility hereunder).

6. Equity Investment

Without the consent of the Majority Lenders, the Borrower shall not make any equity investment during the Loan Period.

7. Reduction of Registered Capital

There can be no reduction of the registered capital of the Borrower during the Loan Period without the prior consent of the Facility Agent.

8. Negative Pledge

The Borrower shall not create any Security Interests over any of its Project related assets, except for:

- (1) Any lien arising in the ordinary course of trading, any statutory priority arising from construction projects and other Security Interests arising by operation of laws and regulations,
- (2) Security Interests arising in the ordinary course of business of the Borrower (including but not limited to any priority over goods, materials or equipment (acquired in an arm's length transaction) incurred or constituted by any title retention arrangement in the terms and conditions set out by the supplier or seller in relevant agreements),
- (3) Security Interests created according to the Finance Documents, or
- (4) the Security Interest created with the consent of the Majority Lenders (such consent shall not be unreasonably withheld or delayed by the Majority Lenders).

9. Material Default Notification

The Borrower shall notify the Facility Agent of material default under any liability of the Borrower to any third party (material is defined as exceeding the greater of (i) RMB750,000,000 (or its equivalent in other currency) or (ii) 20% of the Borrower's Net Assets).

10. Cost Overruns

All cost overruns in the construction of the Project (exceeding the financing amount hereunder) shall be self-funded (for the avoidance of doubt, financings from banks other than the Lenders shall not be considered self-funded) by the Borrower.

11. Revenue Collection Account Management

- (1) The Borrower shall collect all of its operating revenue directly into any of the Revenue Collection Accounts. The foregoing provision shall not apply to any failure to collect such revenues which failure is not attributable to the Borrower.

- (2) Subject to the Account Control Agreement, the Borrower shall be entitled to withdraw, utilize or apply funds from any Revenue Collection Account for its daily business operation without limitation. Notwithstanding the above, the Borrower shall not transfer funds from the Revenue Collection Account to any of its accounts under the same account name opened with banks other than the Finance Parties, except for the following circumstances:
- (a) the transfer is used to repay loans for the purpose of the Project borrowed from the Borrower’s shareholders or any other Affiliate Company within the group;
 - (b) the transfer is used for the purpose of repaying any of its working capital loans;
 - (c) the transfer is used for currency conversion for the purpose of payment of expenses related to the Project; or
 - (d) other transfers agreed by the Majority Lenders (the Majority Lenders shall not unreasonably refuse or delay to give such consent).
- (3) Account Balance Undertaking

During the Loan Period, the Borrower shall ensure the total capital balance of the Revenue Collection Accounts is not less than the aggregate amount of principal and interest payable on the next Interest Payment Date and/or the next Repayment Date.

12. Conditions Subsequent

- (1) The Borrower shall complete the mortgage registration under the Mortgage Agreement over the Land within one-hundred and twenty (120) days after executing the Mortgage Agreement over the Land, provided that the Security Agent has, at the reasonable request of the Borrower, taken all necessary acts and delivered all necessary documents for the purpose of the mortgage registration.
- (2) The Borrower shall execute the relevant mortgage agreements and further complete the mortgage registration of the joint plant I mortgaged to the Security Agent within one-hundred and twenty (120) days upon obtaining the real estate certificate of the joint plant I of the Project, provided that the Security Agent has, at the reasonable request of the Borrower, taken all necessary acts and delivered all necessary documents for the purpose of the mortgage registration.

- (3) The Borrower shall execute the relevant mortgage agreements and further complete the mortgage registration of the relevant plant mortgaged to the Security Agent within one-hundred and twenty (120) days upon obtaining all real estate certificates of the plant (except the joint plant I)the Project, provided that the Security Agent has, at the reasonable request of the Borrower, taken all necessary acts and executed and delivered all necessary documents for the purpose of the mortgage registration
- (4) If the Borrower has used its commercially reasonable endeavors but has not been able to complete the mortgage registrations required from item (1) through item (3) above due to the registration authority's rejection to accept the mortgage registrations for any reason beyond the control of the Borrower it shall not constitute an Event of Default of the Borrower. The Borrower shall continue to cooperate with the Security Agent to conduct the mortgage registration herein. Meanwhile, the Borrower shall ensure that it will not create any Security Interests over the land use right and the plant to be mortgaged under relevant mortgage agreements in favor of any third party other than the Lenders.
- (5) Conditions Subsequent in respect of the Borrower's Insurance
 - (a) The Borrower shall submit an endorsement showing that the Security Agent has been designated as the first beneficiary under the joint plant IV all-risks insurance within one-hundred and twenty (120) days after the Effective Date of this Agreement.
 - (b) If the Borrower insures any equipment related to the Project, the Security Agent shall be designated as the first beneficiary of such insurance.
 - (c) During the Loan Period, except the all-risk insurance of the joint plant I, the Borrower shall insure any construction in progress or plant buildings related to the Project and timely renew the insurance, and the Security Agent shall be designated as the first beneficiary of such insurance.

- (d) Upon the occurrence of any insurance claim, (i) if the amount of insurance proceeds is less than or equal to 60% of the value of the insured assets of the Project, the Security Agent shall, after receiving the insurance proceeds, transfer the such insurance proceeds to the Borrower for replacing or repairing the corresponding insured assets; (ii) if the amount of insurance proceeds exceeds 60% of the value of the insured assets of the Project, the Borrower and the Security Agent will negotiate in good faith on the use of the insurance proceeds. If the Borrower has provided its replacement or repair plan of the relevant insured assets, the Security Agent shall assess such plan. If the Security Agent confirms that the plan is acceptable, the Security Agent shall transfer the relevant insurance proceeds to Borrower. If the Security Agent refuses to accept such plan, such insurance proceeds may be used to prepay the loans under this Agreement. However, the Security Agent shall not unreasonably refuse to accept such plan.

12. EVENTS OF DEFAULT

12.1 Events of Default

Only the following events constitute Events of Default by the Borrower:

1. Payment Default

The Borrower fails to pay any amount due and payable on the Repayment Date or Interest Payment Date in accordance with the provisions of this Agreement, and fails to remedy such default within twenty (20) days from the Repayment Date or Interest Payment Date.

2. Misappropriation

The Borrower misappropriates any Advance within the Loan Period and fails to remedy, including by using such misappropriated funds for a purpose set forth in the Finance Documents or repayment by Borrower of such misappropriated funds, within twenty (20) days upon occurrence of such misappropriation.

3. Misrepresentation

The representations or statements made in Clause 10 (*Representations of Facts*) hereof by the Borrower is untrue and causes a Material Adverse Effect, and the Borrower fails to remedy such default within forty-five (45) days from the date on which the Facility Agent issues a written notice to the Borrower.

SCHEDULE 1 ORIGINAL COMMITMENT

Original Lenders	Original Commitment
Agricultural Bank of China Limited, Shanghai Changning Sub-branch	RMB2,250,000,000 (or the USD equivalent)
China Construction Bank Corporation, China (Shanghai) Pilot Free Trade Zone Special Area Branch	RMB2,250,000,000 (or the USD equivalent)
Industrial and Commercial Bank of China Limited, China (Shanghai) Pilot Free Trade Zone Special Area Branch	RMB2,250,000,000 (or the USD equivalent)
Shanghai Pudong Development Bank Co., Ltd., Shanghai Branch	RMB2,250,000,000 (or the USD equivalent)
Total	RMB9,000,000,000 (or the USD equivalent)

RMB 9,000,000,000 (OR THE USD EQUIVALENT) FIXED ASSET SYNDICATION LOAN AGREEMENT

EXECUTION PAGE

Tesla (Shanghai) Co., Ltd.

(as Borrower)

Attention: Yu Xian

Address: 8F, Tower 3, Central Place, No.77 Jianguo Road, Chaoyang District, Beijing, China

Tel: [***]

Email: [***]

Authorized signatory:

/s/ Xiaotong Zhu

Name: Xiaotong Zhu

Company Chop

Title:

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549
FORM 10-K/A
(Amendment No. 1)

(Mark One)

? **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2019

OR

? **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number: 001-34756

Tesla, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

3500 Deer Creek Road
Palo Alto, California
(Address of principal executive offices)

91-2197729
(I.R.S. Employer
Identification No.)

94304
(Zip Code)

(650) 681-5000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock	TSLA	The Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ? No ?

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ? No ?

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 ("Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ? No ?

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ? No ?

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	?	Accelerated filer	?
Non-accelerated filer	?	Smaller reporting company	?
Emerging growth company	?		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ?

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ? No ?

The aggregate market value of voting stock held by non-affiliates of the registrant, as of June 30, 2019, the last day of the registrant's most recently completed second fiscal quarter, was \$31.54 billion (based on the closing price for shares of the registrant's Common Stock as reported by the NASDAQ Global Select Market on June 30, 2019). Shares of Common Stock held by each executive officer, director, and holder of 5% or more of the outstanding Common Stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 7, 2020, there were 181,341,586 shares of the registrant's Common Stock outstanding.

EXPLANATORY NOTE

On February 13, 2020, Tesla, Inc. (“Tesla,” the “Company,” “we,” “us,” or “our”) filed our Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (the “Original Form 10-K”). The Original Form 10-K omitted Part III, Items 10 (*Directors, Executive Officers and Corporate Governance*), 11 (*Executive Compensation*), 12 (*Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters*), 13 (*Certain Relationships and Related Transactions, and Director Independence*) and 14 (*Principal Accountant Fees and Services*) in reliance on General Instruction G(3) to Form 10-K, which provides that such information may be either incorporated by reference from the registrant’s definitive proxy statement or included in an amendment to Form 10-K, in either case filed with the Securities and Exchange Commission (the “SEC”) not later than 120 days after the end of the fiscal year.

We currently expect that our definitive proxy statement for the 2020 annual meeting of stockholders will be filed in May 2020, which is later than the 120th day after the end of the last fiscal year. Accordingly, this Amendment No. 1 to Form 10-K (this “Amendment”) is being filed solely to:

- amend Part III, Items 10, 11, 12, 13 and 14 of the Original Form 10-K to include the information required by such Items;
- delete the reference on the cover of the Original Form 10-K to the incorporation by reference of portions of our proxy statement into Part III of the Original Form 10-K; and
- file new certifications of our principal executive officers and principal financial officer as exhibits to this Amendment under Item 15 of Part IV hereof, pursuant to Rule 12b-15 under the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

This Amendment does not otherwise change or update any of the disclosures set forth in the Original Form 10-K and does not otherwise reflect any events occurring after the filing of the Original Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Review of Related Party Transactions

In accordance with the charter for the Audit Committee of the Board, our Audit Committee reviews and approves in advance any proposed related person transactions.

For purposes of these procedures, “related person” and “transaction” have the meanings contained in Item 404 of Regulation S-K.

The individuals and entities that are considered “related persons” include:

- Directors, nominees for director and executive officers of Tesla;
- Any person known to be the beneficial owner of five percent or more of Tesla’s common stock (a “5% Stockholder”); and
- Any immediate family member, as defined in Item 404(a) of Regulation S-K, of a director, nominee for director, executive officer or 5% Stockholder.

In accordance with our Related Person Transactions Policy and Procedures, the Audit Committee must review and approve all transactions in which (i) Tesla or one of its subsidiaries is a participant, (ii) the amount involved exceeds \$120,000 and (iii) a related person has a direct or indirect material interest, other than transactions available to all Tesla employees generally.

In assessing a related party transaction brought before it for approval the Audit Committee considers, among other factors it deems appropriate, whether the related party transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and the extent of the related person’s interest in the transaction. The Audit Committee may then approve or disapprove the transaction in its discretion.

Any related person transaction will be disclosed in the applicable SEC filing as required by the rules of the SEC.

Related Party Transactions

SpaceX

Elon Musk is the Chief Executive Officer, Chief Technical Officer and a significant stockholder of SpaceX. Kimbal Musk, Antonio Gracias, and Stephen Jurevson, who are members of the Board, are also members of the board of directors of SpaceX. In addition, certain members of the Board, and/or investment funds affiliated with them, have made minority investments in SpaceX.

SpaceX purchased certain battery components from Tesla at an aggregate purchase price of \$1.0 million in 2019, and at an aggregate purchase price of \$1.2 million in 2020 through March. The pricing for such components was negotiated in good faith.

SpaceX has purchased certain non-battery vehicle parts from Tesla from time to time from a standard parts catalog that is also available to other business partners. Such parts are offered to all buyers, including SpaceX, at uniform prices. SpaceX purchased an aggregate \$0.6 million of such parts in 2019 and an aggregate \$0.6 million of such parts in 2020 through March.

In 2020, Tesla agreed to build a custom tool for SpaceX at its tool machining facility at an estimated cost of \$0.7 million. The pricing for such project, including labor hours, was negotiated in good faith, and such work will take place during previously scheduled downtime at Tesla’s facility.

In 2019, SpaceX purchased a Tesla Energy system from Tesla for \$0.3 million through standard sales processes. The price was negotiated in good faith.

Since April 2016, SpaceX has invoiced Tesla for our use of an aircraft owned and operated by SpaceX at rates determined by Tesla and SpaceX, subject to rules of the Federal Aviation Administration governing such arrangements. Tesla did not incur any expenses under this arrangement in 2019 and has incurred \$0.2 million in 2020 through March.

Other Transactions

In the ordinary course of business, we enter into offer letters with our executive officers. We have also entered into indemnification agreements with each of our directors and officers. The indemnification agreements and our certificate of incorporation and bylaws require us to indemnify our directors and officers to the fullest extent permitted by Delaware law. In 2019, Tesla entered into a one-year agreement with Elon Musk relating to the indemnification of directors and officers, as described in “*Director Independence*” under this Item 13 below.

In 2019, our Board member James Murdoch purchased a Tesla Powerpack system from us at a total upfront cost of \$0.6 million through standard sales processes. The price was negotiated in good faith.

In 2020, a company affiliated with our Board member Lawrence J. Ellison entered into an agreement to obtain preliminary design services from us for an estimated \$0.4 million, relating to the potential future implementation of a Tesla Energy system. The services contract was negotiated and priced in good faith.

In February 2020, Messrs. Elon Musk and Ellison purchased from us 13,037 and 1,250 shares, respectively, of our common stock in a public offering at the public offering price for an aggregate \$11.0 million.

Director Independence

Our Board of Directors periodically assesses, with the recommendation of the Nominating and Corporate Governance Committee, the independence of its non-employee members as defined in the listing standards of NASDAQ and applicable laws. As part of such review in 2020, the Board undertook an analysis for each non-employee director and considered all relevant facts and circumstances, including the director’s other commercial, accounting, legal, banking, consulting, charitable and familial relationships. The Board determined that with respect to each of its current members other than Elon Musk, who is our Chief Executive Officer, and Kimbal Musk, who is Elon Musk’s brother, there are no disqualifying factors with respect to director independence enumerated in the listing standards of NASDAQ or any relationships that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director, and that each such member is an “independent director” as defined in the listing standards of NASDAQ and applicable laws.

In particular, the Board reviewed the following considerations:

- Ira Ehrenpreis, Antonio Gracias, Stephen Jurvetson, James Murdoch, Elon Musk, Kimbal Musk, and/or investment funds affiliated with them, have made minority investments in certain companies or investment funds, (i) of which other Tesla directors are founders, significant stockholders, directors, officers, or managers, and/or (ii) with which Tesla has certain relationships set forth in “*Related Party Transactions*” under this Item 13 above. The Board concluded that none of these investments are material so as to impede the exercise of independent judgment by any of Messrs. Ehrenpreis, Gracias, Jurvetson or Mr. Murdoch, and that none of them has a direct or indirect interest in any transaction between Tesla and another company set forth in “*Related Party Transactions*” under this Item 13 above.
- Messrs. Gracias and Jurvetson are directors of SpaceX, (i) of which Elon Musk and Kimbal Musk are also directors, and (ii) with which Tesla has certain relationships set forth in “*Related Party Transactions—SpaceX*” under this Item 13 above. The Board concluded that each of Messrs. Gracias and Jurvetson is an experienced investment professional who has served on the boards of multiple companies without conflict or impairment of independent judgment.
- Lawrence J. Ellison and Mr. Murdoch, and/or entities affiliated with them, have purchased certain Tesla products and services from Tesla as set forth in “*Related Party Transactions—Other Transactions*”

under this Item 13 above. The Board concluded that such purchases were negotiated and completed through ordinary course sales processes in good faith on terms generally available to similar customers, and would not impair the independent judgment of Messrs. Ellison or Murdoch.

- Robyn Denholm and Mr. Ellison are or were formerly officers of certain companies from which Tesla has purchased business services. The Board concluded that such purchases were for standard offerings in the ordinary course of business pursuant to good faith contracting processes in which neither Ms. Denholm nor Mr. Ellison were involved or had any material interest.
- Tesla determined not to renew its directors and officers liability insurance policy for the 2019-2020 year due to disproportionately high premiums quoted by insurance companies. Instead, Elon Musk agreed with Tesla to personally provide coverage substantially equivalent to such a policy for a one-year period, and the other members of the Board are third-party beneficiaries thereof. The Board concluded that because such arrangement is governed by a binding agreement with Tesla as to which Mr. Musk does not have unilateral discretion to perform, and is intended to replace an ordinary course insurance policy, it would not impair the independent judgment of the other members of the Board.

In addition, prior to their departures from the Board in June 2019, the Board had determined that Brad Buss and Linda Johnson Rice were independent directors as defined in the listing standards of NASDAQ and applicable laws.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Principal Accounting Fees and Services

The following table presents fees billed for professional audit services and other services rendered to Tesla by PricewaterhouseCoopers LLP for the years ended December 31, 2018 and 2019. The dollar amounts in the table and accompanying footnotes are in thousands.

	2018	2019
Audit Fees (1)	\$ 12,088	\$ 12,527
Audit-Related Fees (2)	160	—
Tax Fees (3)	514	999
All Other Fees (4)	3	9
Total	<u>\$ 12,766</u>	<u>\$ 13,535</u>

- (1) Audit Fees consist of fees billed for professional services rendered for the audit of Tesla's consolidated financial statements included in Tesla's Annual Report on Form 10-K and for the review of the financial statements included in Tesla's Quarterly Reports on Form 10-Q, as well as services that generally only Tesla's independent registered public accounting firm can reasonably provide, including statutory audits and services rendered in connection with SEC filings. The Audit Fees incurred in 2019 also include fees of \$435 relating to services performed in connection with Tesla's securities offerings, in each case including comfort letters, consents and review of documents filed with the SEC and other offering documents.
- (2) Audit-Related Fees in 2018 consisted of fees billed for professional services for assistance with interpretation of accounting standards.
- (3) Tax Fees in 2018 and 2019 consisted of fees related to consultation and assistance with foreign taxation matters.
- (4) Other Fees in 2018 and 2019 primarily consisted of fees for use of accounting software.

Pre-Approval of Audit and Non-Audit Services

Tesla's Audit Committee has adopted a policy for pre-approving audit and non-audit services and associated fees of Tesla's independent registered public accounting firm. Under this policy, the Audit Committee must pre-approve all services and associated fees provided to Tesla by its independent registered public accounting firm, with certain *de minimis* exceptions described in the policy.

All PricewaterhouseCoopers LLP services and fees in fiscal 2018 and 2019 were pre-approved by the Audit Committee.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: April 28, 2020

Tesla, Inc.

/s/ Zachary J. Kirkhorn
Zachary J. Kirkhorn
Chief Financial Officer
(Principal Financial Officer and
Duly Authorized Officer)



Tesla Q1 2020 Vehicle Production & Deliveries

April 2, 2020

PALO ALTO, Calif., April 02, 2020 (GLOBE NEWSWIRE) -- In the first quarter, we produced almost 103,000 vehicles and delivered approximately 88,400 vehicles. This is our best ever first quarter performance.

	Production	Deliveries	Subject to lease accounting
Model S/X	15,390	12,200	16%
Model 3/Y	87,282	76,200	5%
Total	102,672	88,400	7%

Model Y production started in January and deliveries began in March, significantly ahead of schedule. Additionally, our Shanghai factory continued to achieve record levels of production, despite significant setbacks.

Our net income and cash flow results will be announced along with the rest of our financial performance when we announce Q1 earnings. Our delivery count should be viewed as slightly conservative, as we only count a car as delivered if it is transferred to the customer and all paperwork is correct. Final numbers could vary by up to 0.5% or more. Tesla vehicle deliveries represent only one measure of the company's financial performance and should not be relied on as an indicator of quarterly financial results, which depend on a variety of factors, including the cost of sales, foreign exchange movements and mix of directly leased vehicles.



Source: Tesla, Inc.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

? **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2020

OR

? **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-34756

Tesla, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

3500 Deer Creek Road
Palo Alto, California
(Address of principal executive offices)

91-2197729
(I.R.S. Employer
Identification No.)

94304
(Zip Code)

(650) 681-5000

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock	TSLA	The Nasdaq Global Select Market

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 ("Exchange Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ? No ?

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ? No ?

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer	?	Accelerated filer	?
Non-accelerated filer	?	Smaller reporting company	?
Emerging growth company	?		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ?

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ? No ?

As of April 23, 2020, there were 185,371,105 shares of the registrant's common stock outstanding.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Tesla, Inc.
Consolidated Balance Sheets
(in millions, except per share data)
(unaudited)

	March 31, 2020	December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	\$ 8,080	\$ 6,268
Accounts receivable, net	1,274	1,324
Inventory	4,494	3,552
Prepaid expenses and other current assets	1,045	959
Total current assets	14,893	12,103
Operating lease vehicles, net	2,527	2,447
Solar energy systems, net	6,106	6,138
Property, plant and equipment, net	10,638	10,396
Operating lease right-of-use assets	1,197	1,218
Intangible assets, net	323	339
Goodwill	193	198
Other non-current assets	1,373	1,470
Total assets	\$ 37,250	\$ 34,309
Liabilities		
Current liabilities		
Accounts payable	\$ 3,970	\$ 3,771
Accrued liabilities and other	2,825	3,222
Deferred revenue	1,186	1,163
Customer deposits	788	726
Current portion of debt and finance leases	3,217	1,785
Total current liabilities	11,986	10,667
Debt and finance leases, net of current portion	10,666	11,634
Deferred revenue, net of current portion	1,199	1,207
Other long-term liabilities	2,667	2,691
Total liabilities	26,518	26,199
Commitments and contingencies (Note 12)		
Redeemable noncontrolling interests in subsidiaries	632	643
Convertible senior notes (Note 10)	60	—
Equity		
Stockholders' equity		
Preferred stock; \$0.001 par value; 100 shares authorized; no shares issued and outstanding	—	—
Common stock; \$0.001 par value; 2,000 shares authorized; 185 and 181 shares issued and outstanding as of March 31, 2020 and December 31, 2019, respectively	0	0
Additional paid-in capital	15,390	12,737
Accumulated other comprehensive loss	(113)	(36)
Accumulated deficit	(6,104)	(6,083)
Total stockholders' equity	9,173	6,618
Noncontrolling interests in subsidiaries	867	849
Total liabilities and equity	\$ 37,250	\$ 34,309

The accompanying notes are an integral part of these consolidated financial statements.

Tesla, Inc.
Consolidated Statements of Operations
(in millions, except per share data)
(unaudited)

	Three Months Ended March 31,	
	2020	2019
Revenues		
Automotive sales	\$ 4,893	\$ 3,509
Automotive leasing	239	215
Total automotive revenues	5,132	3,724
Energy generation and storage	293	324
Services and other	560	493
Total revenues	5,985	4,541
Cost of revenues		
Automotive sales	3,699	2,856
Automotive leasing	122	117
Total automotive cost of revenues	3,821	2,973
Energy generation and storage	282	316
Services and other	648	686
Total cost of revenues	4,751	3,975
Gross profit	1,234	566
Operating expenses		
Research and development	324	340
Selling, general and administrative	627	704
Restructuring and other	—	44
Total operating expenses	951	1,088
Income (loss) from operations	283	(522)
Interest income	10	9
Interest expense	(169)	(158)
Other (expense) income, net	(54)	26
Income (loss) before income taxes	70	(645)
Provision for income taxes	2	23
Net income (loss)	68	(668)
Net income attributable to noncontrolling interests and redeemable noncontrolling interests in subsidiaries	52	34
Net income (loss) attributable to common stockholders	<u>\$ 16</u>	<u>\$ (702)</u>
Net income (loss) per share of common stock attributable to common stockholders		
Basic	<u>\$ 0.09</u>	<u>\$ (4.10)</u>
Diluted	<u>\$ 0.08</u>	<u>\$ (4.10)</u>
Weighted average shares used in computing net income (loss) per share of common stock		
Basic	<u>183</u>	<u>173</u>
Diluted	<u>199</u>	<u>173</u>

The accompanying notes are an integral part of these consolidated financial statements.

Tesla, Inc.
Consolidated Statements of Cash Flows
(in millions)
(unaudited)

	Three Months Ended March 31,	
	2020	2019
Cash Flows from Operating Activities		
Net income (loss)	\$ 68	\$ (668)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation, amortization and impairment	553	468
Stock-based compensation	211	208
Amortization of debt discounts and issuance costs	46	40
Inventory and purchase commitments write-downs	45	81
Loss on disposals of fixed assets	7	18
Foreign currency transaction net loss (gain)	19	(39)
Non-cash interest and other operating activities	58	116
Operating cash flow related to repayment of discounted convertible notes	—	(188)
Changes in operating assets and liabilities, net of effect of business combinations:		
Accounts receivable	(14)	(100)
Inventory	(981)	(809)
Operating lease vehicles	(197)	13
Prepaid expenses and other current assets	(154)	(46)
Other non-current assets	40	28
Accounts payable and accrued liabilities	(265)	(41)
Deferred revenue	53	318
Customer deposits	88	(25)
Other long-term liabilities	(17)	(14)
Net cash used in operating activities	(440)	(640)
Cash Flows from Investing Activities		
Purchases of property and equipment excluding finance leases, net of sales	(455)	(280)
Purchases of solar energy systems, net of sales	(26)	(25)
Receipt of government grants	1	—
Business combinations, net of cash acquired	—	(1)
Net cash used in investing activities	(480)	(306)
Cash Flows from Financing Activities		
Proceeds from issuances of common stock in public offerings, net of issuance costs	2,309	—
Proceeds from issuances of convertible and other debt	2,802	1,494
Repayments of convertible and other debt	(2,318)	(1,970)
Collateralized lease repayments	(97)	(134)
Proceeds from exercises of stock options and other stock issuances	160	78
Principal payments on finance leases	(100)	(67)
Debt issuance costs	—	(8)
Proceeds from investments by noncontrolling interests in subsidiaries	19	47
Distributions paid to noncontrolling interests in subsidiaries	(67)	(85)
Payments for buy-outs of noncontrolling interests in subsidiaries	—	(8)
Net cash provided by (used in) financing activities	2,708	(653)
Effect of exchange rate changes on cash and cash equivalents and restricted cash	(24)	5
Net increase (decrease) in cash and cash equivalents and restricted cash	1,764	(1,594)
Cash and cash equivalents and restricted cash, beginning of period	6,783	4,277
Cash and cash equivalents and restricted cash, end of period	\$ 8,547	\$ 2,683
Supplemental Non-Cash Investing and Financing Activities		
Acquisitions of property and equipment included in liabilities	\$ 415	\$ 120
Leased assets obtained in exchange for finance lease liabilities	\$ 32	\$ 218
Leased assets obtained in exchange for operating lease liabilities	\$ 60	\$ 22

The accompanying notes are an integral part of these consolidated financial statements.

Concentration of Risk

Credit Risk

Financial instruments that potentially subject us to a concentration of credit risk consist of cash and cash equivalents, restricted cash, accounts receivable, convertible note hedges, and interest rate swaps. Our cash balances are primarily invested in money market funds or on deposit at high credit quality financial institutions in the U.S. These deposits are typically in excess of insured limits. As of March 31, 2020, one entity represented 10% or more of our total accounts receivable balance, which was related to sales of regulatory credits. As of December 31, 2019, no entity represented 10% of our total accounts receivable balance. The risk of concentration for our interest rate swaps is mitigated by transacting with several highly-rated multinational banks.

Supply Risk

We are dependent on our suppliers, the majority of which are single source suppliers, and the inability of these suppliers to deliver necessary components of our products in a timely manner at prices, quality levels and volumes acceptable to us, or our inability to efficiently manage these components from these suppliers, could have a material adverse effect on our business, prospects, financial condition and operating results.

The specific timing and pace of our resumption of normal U.S. manufacturing operations will depend on the status of various government regulations and the readiness of our suppliers and vendors. Although we are working with each of our suppliers and government agencies on how best to resume and sustain production, it ultimately remains uncertain how quickly we and our suppliers will be able to return to prior levels of production and maintain such levels.

Operating Lease Vehicles

The gross cost of operating lease vehicles recorded on the consolidated balance sheets as of March 31, 2020 and December 31, 2019 was \$2.94 billion and \$2.85 billion, respectively, net of accumulated depreciation of \$412 million and \$406 million, as of March 31, 2020 and December 31, 2019, respectively.

Warranties

We provide a manufacturer's warranty on all new and used vehicles and production powertrain components and systems we sell. In addition, we also provide a warranty on the installation and components of the energy generation and storage systems we sell for periods typically between 10 to 25 years. We accrue a warranty reserve for the products sold by us, which includes our best estimate of the projected costs to repair or replace items under warranties and recalls when identified. These estimates are based on actual claims incurred to date and an estimate of the nature, frequency and costs of future claims. These estimates are inherently uncertain given our relatively short history of sales, and changes to our historical or projected warranty experience may cause material changes to the warranty reserve in the future. The warranty reserve does not include projected warranty costs associated with our vehicles subject to lease accounting and our solar energy systems under lease contracts or Power Purchase Agreements ("PPAs"), as the costs to repair these warranty claims are expensed as incurred. The portion of the warranty reserve expected to be incurred within the next 12 months is included within accrued liabilities and other, while the remaining balance is included within other long-term liabilities on the consolidated balance sheets. Warranty expense is recorded as a component of cost of revenues in the consolidated statements of operations. Due to the magnitude of our automotive business, accrued warranty balance was primarily related to our automotive segment. Accrued warranty activity consisted of the following (in millions):

	Three Months Ended March 31,	
	2020	2019
Accrued warranty—beginning of period	\$ 1,089	\$ 748
Warranty costs incurred	(81)	(54)
Net changes in liability for pre-existing warranties, including expirations and foreign exchange impact	3	38
Provision for warranty	119	112
Accrued warranty—end of period	<u>\$ 1,130</u>	<u>\$ 844</u>

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: April 30, 2020

Tesla, Inc.

/s/ Zachary J. Kirkhorn
Zachary J. Kirkhorn
Chief Financial Officer
(Principal Financial Officer and
Duly Authorized Officer)